

**VERSATILE CREATIVE BERHAD**

(Company No. : 603770-D)

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2012****CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(The figures have not been audited)

**30th Jun 2012**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	Quarter Ended 30.06.2012 RM '000	Quarter Ended 30.06.2011 RM '000	Period Ended 30.06.2012 RM '000	Period Ended 30.06.2011 RM '000
Revenue	15,011	14,615	27,814	28,156
Cost of Sales	(12,661)	(12,702)	(23,988)	(24,674)
<b>Gross Profit</b>	<b>2,350</b>	<b>1,913</b>	<b>3,825</b>	<b>3,482</b>
Other Income	339	24	910	119
Other Operating Expenses	(1,965)	(1,918)	(3,863)	(3,763)
Operating Results	723	19	872	(162)
Interest Income	6	5	11	10
Finance Costs	(482)	(521)	(987)	(1,016)
<b>(Loss)/Profit Before Taxation</b>	<b>247</b>	<b>(498)</b>	<b>(104)</b>	<b>(1,167)</b>
Taxation	-	-	-	-
(Loss)/Profit after taxation before minority interests	247	(498)	(104)	(1,167)
Minority interests	-	-	-	-
(Loss)/Profit for the period	247	(498)	(104)	(1,167)
<b>(Losses)/Earnings per Share - Basic (sen)</b>	<b>0.22</b>	<b>(0.45)</b>	<b>(0.09)</b>	<b>(1.06)</b>
<b>Losses per Share - Diluted (sen)</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

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(Company No. : 603770-D)

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2012****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(The figures have not been audited)

30th Jun 2012

	<b>As at 30.06.2012 RM'000</b>	<b>As at 31.12.2011 RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	27,931	29,834
Intangible Asset	16,136	16,136
Prepaid Interest in Leased Land	1,386	1,399
Other Investments	19,343	17,636
	<u>64,796</u>	<u>65,006</u>
<b>Current Assets</b>		
Receivables, Deposits and Prepayments	15,085	14,130
Inventories	8,777	6,867
Current Tax Assets	86	86
Other Investment held for Sale	2,149	1,960
Cash and Cash Equivalents	981	1,709
	<u>27,078</u>	<u>24,752</u>
<b>Total Assets</b>	<u>91,873</u>	<u>89,758</u>

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**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2012****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)**

(The figures have not been audited)

	30th Jun 2012	
	As at 30.06.2012 RM'000	As at 31.12.2011 RM'000
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share Capital	110,643	110,643
Capital Redemption Reserve	3,000	3,000
Accumulated Losses	(65,137)	(58,863)
Net Profit / (Loss) for the Year	(104)	(6,274)
Fair Value Reserves	1,831	124
<b>Total Equity</b>	<b>50,233</b>	<b>48,630</b>
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Loan and Borrowings	3,333	4,059
Deferred Taxation	2,485	2,485
	<b>5,819</b>	<b>6,545</b>
<b>Current Liabilities</b>		
Payables and Accruals	13,093	11,705
Loan and Borrowings	22,729	22,878
	<b>35,822</b>	<b>34,583</b>
<b>Total Liabilities</b>	<b>41,640</b>	<b>41,128</b>
<b>Total Equity and Liabilities</b>	<b>91,873</b>	<b>89,758</b>
<b>Net Assets per share (RM)</b>	<b>0.45</b>	<b>0.44</b>

( The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2011)

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**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2012****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

(The figures have not been audited)

	<b>Period Ended 30.06.2012 RM'000</b>	<b>Period Ended 31.12.2011 RM'000</b>
<b>CASHFLOW FROM OPERATING ACTIVITIES:</b>		
<b>Loss before taxation</b>	<b>(104)</b>	<b>(5,854)</b>
<b><u>Adjustment for:</u></b>		
Bad debts recovered	(3)	(34)
Amortisation of prepaid lease payments	14	27
Depreciation of property, plant and equipment	2,066	4,785
(Gain) / loss on disposal of property, plant and equipment	(187)	(90)
Impairment loss on trade and other receivables	1	457
Impairment loss on goodwill	-	2,634
Net fair value (gain) / loss on other investments	(190)	(63)
Unrealised loss on foreign exchange	-	8
Interest income	(11)	(13)
Interest expense	851	2,028
Dividend received	-	(563)
	<u>2,437</u>	<u>3,324</u>
<b><u>Changes in working capital:</u></b>		
Inventories	(1,909)	2,123
Receivables, deposits and prepayments	(953)	(297)
Payables and accruals	1,425	884
<b>Cash flow after working capital changes</b>	<b>1,000</b>	<b>6,034</b>
Interest received	11	13
Interest paid	(349)	(984)
Tax refund	3	-
Tax paid	(39)	(48)
<b>Net operating cash flows</b>	<b>626</b>	<b>5,015</b>
<b><u>CASHFLOW FROM INVESTING ACTIVITIES:</u></b>		
Acquisition of property, plant and equipment	(203)	(591)
Fixed deposit pledged to a licensed bank	(11)	(18)
Proceeds from disposal of property, plant and equipment	363	105
Divident received	-	563
	<u>149</u>	<u>60</u>

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**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2012****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (Continued)****(The figures have not been audited)**

	<b>Period Ended 30.06.2012 RM'000</b>	<b>Period Ended 31.12.2011 RM'000</b>
<b>CASHFLOW FROM FINANCING ACTIVITIES:</b>		
(Repayment) from loans and borrowings	(531)	(2,234)
(Repayment)/ proceeds from hire purchase liabilities	(341)	(1,383)
Interest paid	(502)	(1,044)
Net financing cash flows	<u>(1,374)</u>	<u>(4,662)</u>
<b>NET CHANGE IN CASH &amp; CASH EQUIVALENTS</b>	<b>(599)</b>	<b>413</b>
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>(3,580)</b>	<b>(3,993)</b>
<b>CASH &amp; CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<u><u>(4,179)</u></u>	<u><u>(3,580)</u></u>

Analysis of Cash &amp; Cash Equivalents:

	<b>RM</b>	<b>RM</b>
Cash and bank balances	295	1,034
Fixed Deposit	685	675
Less: Fixed deposit pledged to a licensed bank	(685)	(675)
Bank overdraft	(4,475)	(4,614)
	<u><u>(4,179)</u></u>	<u><u>(3,580)</u></u>

*(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2011)*

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**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2012****CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

(The figures have not been audited)

	Non-Distributable				
	Share Capital RM '000	Capital Redemption Reserve RM '000	Fair value Adjustment Reserve RM '000	Accumulated Losses RM '000	Total Equity RM '000
At 01st January 2011	110,643	3,000	(445)	(58,863)	54,335
Total comprehensive income for the period	-	-	569	(6,274)	(5,705)
<b>At 31st December 2011</b>	<b>110,643</b>	<b>3,000</b>	<b>124</b>	<b>(65,137)</b>	<b>48,630</b>
At 01st January 2012	110,643	3,000	124	(65,137)	48,630
Total comprehensive income for the period	-	-	1,707	(104)	1,603
<b>At 30th Jun 2012</b>	<b>110,643</b>	<b>3,000</b>	<b>1,831</b>	<b>(65,241)</b>	<b>50,233</b>



**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2012**

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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 2011.

**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 2011, except for Adoption of New and Revised FRSs, IC Interpretations and Amendments with the effect from 1 January 2011.

On 1 January 2011, the Group adopted the following new and Revised FRSs, Amendments/Improvements to FRSs, New IC Interpretations (“IC Int”), Amendments to IC Int and New Malaysian Accounting Standards Board (“MASB”) Approved Accounting Standards, Malaysian Financial Reporting Standards (“MFRSs”)

- (a) Adoption of Revised FRSs, Amendments/Improvements to FRSs, New IC Int and Amendments to IC Ints:-

Revised FRSs

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 127	Consolidated and Separate Financial Statements

Amendments/Improvements to FRSs

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 7	Financial Instruments : Disclosures
FRS 101	Presentation of Financial Statements
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments : Presentation
FRS 134	Interim Financial Reporting
FRS 138	Intangible Assets



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### UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2012

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FRS 139 Financial Instruments : Recognition and Measurement

#### New IC Int

IC Int 4 Determining Whether an Arrangement contains a Lease  
IC Int 12 Service Concession Arrangements  
IC Int 16 Hedges of a Net Investment in a Foreign Operation  
IC Int 17 Distribution of Non-cash Assets to Owners  
IC Int 18 Transfers of Assets from Customers

#### Amendments to IC Int

IC Int 9 Reassessment of Embedded Derivatives  
IC Int 13 Customer Loyalty Programmes

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.

#### **Audit Report Qualification and Status of Matters Raised**

The annual audited financial statements of the Group for the year ended 31 December 2011 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 2011.





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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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**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2012****Segment Information**

Segmental information for the financial period ended

30th Jun 2012

<b>Business Segments</b>	<b>Paper products Q2 2012 RM'000</b>	<b>Plastic products Q2 2012 RM'000</b>	<b>Colour Separation &amp; Printing Q2 2012 RM'000</b>	<b>Others Q2 2012 RM'000</b>	<b>Elimination Q2 2012 RM'000</b>	<b>Consolidated Q2 2012 RM'000</b>
Revenue from external customers	12,102	11,409	4,303	-	-	27,814
Inter-segment revenue			11	289	(300)	-
<b>Total revenue</b>	<b>12,102</b>	<b>11,409</b>	<b>4,313</b>	<b>289</b>	<b>(300)</b>	<b>27,814</b>
<b>Operating results</b>	<b>678</b>	<b>364</b>	<b>98</b>	<b>(268)</b>	<b>-</b>	<b>872</b>
Interest income						23
Finance costs						(999)
<b>Net loss for the period</b>						<b>(104)</b>
Taxation						-
<b>Loss after taxation</b>						<b>(104)</b>

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<b>Business Segments</b>	<b>30th Jun 2011</b>					
	<b>Paper products</b>	<b>Plastic products</b>	<b>Colour Separation &amp; Printing</b>	<b>Others</b>	<b>Elimination</b>	<b>Consolidated</b>
	<b>Q2 2011</b>	<b>Q2 2011</b>	<b>Q2 2011</b>	<b>Q2 2011</b>	<b>Q2 2011</b>	<b>Q2 2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue from external customers	12,943	11,863	3,351	-	-	28,156
Inter-segment revenue		-	11	301	(313)	-
<b>Total revenue</b>	<b>12,943</b>	<b>11,863</b>	<b>3,362</b>	<b>301</b>	<b>(313)</b>	<b>28,156</b>
<b>Operating results</b>	<b>534</b>	<b>(495)</b>	<b>30</b>	<b>(231)</b>	<b>-</b>	<b>(162)</b>
Interest income						10
Finance costs						(1,016)
Loss before taxation						(1,167)
Taxation						-
<b>Loss after taxation</b>						<b>(1,167)</b>

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**Profit / (Loss) Before Tax**

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

	Quarter ended		6 months cumulative to date	
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Bad debts recovered	-	-	(3)	-
(Gain) / loss on disposal of property, plant and equipment	(11)	(1)	(187)	(53)
Net fair value (gain) / loss on other investments	-	-	(190)	-
Interest income	(6)	(5)	(6)	(10)
Amortisation of prepaid lease payments	7	7	14	14
Depreciation of property, plant and equipment	1,010	1,210	2,066	2,422
Impairment loss on trade and other receivables	-	14	1	-
Interest expense	346	507	851	1,008

**Changes in Contingent Liabilities**

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

**Inventories**

Provision for slow-moving stocks RM37, 632.20 was recovered 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.



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**Capital Commitments**

At the date of this report, the capital commitments of the Group are as follow: -

	<b>30.06.2012</b>
	RM'000
Property, plant and equipment – Approved but not contracted for	<u>12,843</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 second quarter ended 30 Jun, 2012, the Group recorded total revenue of RM15.0 million compared to RM14.6 million in the corresponding second quarter in the year 2011, an increase of 2.7%. The Group posted a profit before taxation of RM247,000 versus an operating loss of RM498,000 in the same period in the year 2011.

For the first half of the year ended 30 Jun, 2012, the Group recorded total revenue of RM27.8 million compared to RM28.2 million in the corresponding period in the year 2011, a marginal decrease of 1.2%. However, the Group posted a loss before taxation of RM104,000 as compared to RM1,167,000 in 2011 attributable to higher other income generated by the Group .

##### **Variation of Results against Immediate Preceding Quarter (Q2 2012 vs Q1 2012)**

The Group recorded total revenue of RM15.0 million in the second quarter as compared to RM12.8 million in the first quarter ended 31 March 2012, an increase of 17% attributable to gains posted from all segments.

The Group recorded a profit before taxation of RM 247,000 for the current quarter compared to a loss before taxation of RM 351,000 in the preceding quarter. The improved profit performance was mainly due to significant increase in group revenue from all segments.

##### **Prospects**

The uncertainties arising from the European sovereign debt crisis continued into 2012. While the global economic environment remained challenging, the Malaysian economy grew by 5.4% in Q2 2012 as compared to 4.9% in Q1 2012, driven by domestic demand. The Group's improvement in performance in the first two quarters of the year has mirrored that of the economy. While the packaging and printing business remains competitive, the Group is optimistic that the upward trend in performance will continue for the rest of the year. The Group will maintain its efforts to identify new market opportunities and continue to identify areas to improve efficiency and reduce costs.

##### **Profit Forecast**

This is not applicable.

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**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS  
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	<b>Quarter ended 30/06/2012 RM'000</b>	<b>Quarter ended 30/06/2011 RM'000</b>	<b>Period ended 30/06/2012 RM'000</b>	<b>Period ended 30/06/2012 RM'000</b>
Taxation for the quarter/period	-	-	-	-
Under/ (over) provision in prior year	-	-	-	-
Deferred Taxation for the quarter/period	-	-	-	-

**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.

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Group borrowings as at the reporting quarter were as follows :-

	<b>30.06.2012</b>
	RM'000
<i>Secured</i>	
Borrowings	15,999
Term Loan	3,424
Hire Purchases Creditors	2,164
Bank Overdrafts	4,475
	<u>26,062</u>
Total Borrowings	<u><u>26,062</u></u>

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

**Realised and Unrealised Profit or Losses**

The accumulated losses as at 30 Jun 2012 and 31 December 2011 are analyzed as follows:-

	<b>As At End of Current Quarter 30.06.2012 RM'000</b>	<b>As At End of Preceding year end 31.12.2011 RM'000</b>
Total accumulated losses of the Company & subsidiaries :-		
-Realised	(79,704)	(82,451)
-Unrealised	<u>(2,485)</u>	<u>(2,493)</u>
	(82,189)	(84,944)
Less: Consolidation adjustments	<u>16,948</u>	<u>19,807</u>
Total accumulated losses as per consolidated account	<u><u>(65,241)</u></u>	<u><u>(65,137)</u></u>





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**Dividends**

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

**Earnings per share - Basic**

Basic loss per share is calculated by dividing the Group's net loss for the period of RM103,901.22 by the number of ordinary shares in issue during the period of 110,643,081.