

**VERSATILE CREATIVE BERHAD**

(Company No. : 603770-D)

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2013****CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
(The figures have not been audited)

	30th June 2013			
	Individual Quarter		Cumulative Quarter	
	Quarter	Quarter	Period	Period
	Ended	Ended	Ended	Ended
	30/6/2013	30/6/2012	30/6/2013	30/6/2012
	RM '000	RM '000	RM '000	RM '000
Revenue	15,954	15,011	29,128	27,814
Cost of Sales	(14,142)	(12,661)	(26,057)	(23,988)
Gross Profit	1,812	2,350	3,071	3,825
Other Income	998	339	1,032	910
Distribution expenses	(632)	(476)	(1,267)	(957)
Administrative expenses	(1,582)	(1,489)	(3,063)	(2,907)
Operating Results	596	723	(227)	872
Interest Income	6	6	12	11
Finance Costs	(413)	(482)	(824)	(987)
Profit/(Loss) Before Taxation	190	247	(1,038)	(104)
Taxation	(1)	-	(1)	-
Profit/(Loss) after taxation before minority interests	189	247	(1,039)	(104)
Minority interests	-	-	-	-
Profit/(Loss) for the period	189	247	(1,039)	(104)
Earnings/(Loss) per Share - Basic (sen)	0.17	0.22	(0.94)	(0.09)
Earnings/(Loss) per Share - Diluted (sen)	NA	NA	NA	NA

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**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2013****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****(The figures have not been audited)****30th June 2013**

	As at 30/6/2013 RM'000	As at 31/12/2012 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	37,969	39,123
Intangible Asset	13,636	13,636
Other Investments	22,756	19,343
	<u>74,362</u>	<u>72,102</u>
Current Assets		
Receivables, Deposits and Prepayments	21,943	19,203
Inventories	8,270	8,657
Current Tax Assets	83	31
Other Investment held for Sale	2,528	2,149
Cash and Cash Equivalents	1,259	1,654
	<u>34,084</u>	<u>31,693</u>
Total Assets	<u>108,446</u>	<u>103,796</u>

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**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2013****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)**

(The figures have not been audited)

	30th June 2013	
	As at 30/6/2013 RM'000	As at 31/12/2012 RM'000
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	110,643	110,643
Capital Redemption Reserve	3,000	3,000
Revaluation reserve	9,079	9,079
Accumulated Losses	(63,000)	(65,137)
Net (Loss)/Profit for the Year	(1,039)	2,137
Fair Value Reserves	5,244	1,831
Total Equity	63,927	61,552
LIABILITIES		
Non-Current Liabilities		
Loan and Borrowings	2,351	2,797
Deferred Taxation	3,702	3,702
	6,053	6,499
Current Liabilities		
Payables and Accruals	13,881	12,712
Loan and Borrowings	24,585	23,032
	38,466	35,744
Total Liabilities	44,519	42,243
Total Equity and Liabilities	108,446	103,796
Net Assets per share (RM)	0.58	0.56

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2012)

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2013****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

(The figures have not been audited)

	Period Ended 30/6/2013 RM'000	Period Ended 31/12/2012 RM'000
CASHFLOW FROM OPERATING ACTIVITIES:		
(Loss)/Profit before taxation	(1,039)	1,395
<u>Adjustment for:</u>		
Depreciation of property, plant and equipment	2,020	4,122
(Gain) / loss on disposal of property, plant and equipment	(543)	(239)
Bad debts recovered	-	(466)
Impairment loss on trade and other receivables	-	356
Impairment loss on trade and other receivables no longer required	-	(3,460)
Impairment loss on goodwill	-	2,500
Net fair value gain on other investment	(379)	(190)
Interest income	(11)	(24)
Interest expense	798	1,969
Waiver of interest	-	(842)
Dividend received	-	(569)
	846	4,553
<u>Changes in working capital:</u>		
Inventories	387	(1,790)
Receivables, deposits and prepayments	(2,740)	(1,502)
Payables and accruals	719	1,849
Cash flow after working capital changes	(789)	3,111
Interest received	11	24
Interest paid	(119)	(778)
Income tax paid	(53)	(119)
Income tax refund	-	83
Net operating cash flows	(949)	2,321
<u>CASHFLOW FROM INVESTING ACTIVITIES:</u>		
Acquisition of property, plant and equipment	(929)	(453)
Fixed deposit held as security value	-	(21)
Divident received	-	569
Proceeds from disposal of property, plant and equipment	1,056	415
	127	511

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2013****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)****(The figures have not been audited)**

	Period Ended 30/6/2013 RM'000	Period Ended 31/12/2012 RM'000
CASHFLOW FROM FINANCING ACTIVITIES:		
Interest paid	(679)	(1,191)
Proceed from/(Repayment) of borrowings	683	(309)
Payment of finance lease liabilities	(942)	(1,184)
Net financing cash flows	<u>(938)</u>	<u>(2,684)</u>
NET CHANGE IN CASH & CASH EQUIVALENTS	(1,760)	147
CASH & CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	(3,433)	(3,580)
CASH & CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u>(5,193)</u>	<u>(3,433)</u>

Analysis of Cash & Cash Equivalents:

	RM'000	RM'000
Cash and bank balances	564	959
Fixed Deposit	695	695
Less: Fixed deposit pledged to a licensed bank	(695)	(695)
Bank overdraft	(5,757)	(4,391)
	<u>(5,193)</u>	<u>(3,433)</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2012)

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**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2013****CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY****(The figures have not been audited)**

	Non-Distributable					Total Equity RM '000
	Share Capital RM '000	Capital Redemption Reserve RM '000	Revaluation Reserve RM '000	Fair value Adjustment Reserve RM '000	Accumulated Losses RM '000	
At 01st January 2012	110,643	3,000	-	124	(65,137)	48,630
Total comprehensive income for the period	-	-	9,079	1,707	2,137	12,922
At 31st December 2012	110,643	3,000	9,079	1,831	(63,000)	61,552
At 01st January 2013	110,643	3,000	9,079	1,831	(63,000)	61,552
Total comprehensive income/(loss) for the period	-	-	-	3,413	(1,039)	2,374
At 30th June 2013	110,643	3,000	9,079	5,244	(64,040)	63,927



**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2013**

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 MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). This condensed report also compliance with IAS 34 : Interim Financial Reporting issued by the International Accounting Standard Board.

The quarterly financial report should be read in conjunction with the annual audited financial statements of the Group for the year ended 31 December 2012.

Adoption of Standards, Amendments and Issue Committee (IC) Interpretations

The Group adopted the following Standards, Amendments and IC Interpretations:-

New MFRSs

MFRS 9	Financial Instruments
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement

Revised MFRSs

MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures

Amendments/Improvements to MFRSs

MFRS 1	First-time Adoption of Financial Reporting Standards
MFRS 7	Financial Instruments: Disclosures
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 101	Presentation of Financial Statements

The adoption of the Standards, Amendments and Interpretations above did not have any material financial impact to the Group.



**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2013**

Audit Report Qualification and Status of Matters Raised

The annual audited financial statements of the Group for the year ended 31 December 2012 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 2012.

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.



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**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
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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 2013**

Segmental information for the financial period ended				30th June 2013		
Business Segments	Paper products	Plastic products	Colour Separation & Printing	Others	Elimination	Consolidated
	Q2 2013	Q2 2013	Q2 2013	Q2 2013	Q2 2013	Q2 2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	13,218	12,086	3,825	-	-	29,128
Inter-segment revenue			1	308	(309)	()
Total revenue	13,218	12,086	3,826	308	(309)	29,128
Operating results	1,397	(2,033)	665	(255)		(227)
Interest income						12
Finance costs						(824)
Loss before taxation						(1,038)
Taxation						(1)
Loss after taxation						(1,039)

Segmental information for the financial period ended				30th June 2012		
Business Segments	Paper products	Plastic products	Colour Separation & Printing	Others	Elimination	Consolidated
	Q2 2012	Q2 2012	Q2 2012	Q2 2012	Q2 2012	Q2 2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	12,102	11,409	4,303	-	-	27,814
Inter-segment revenue			11	289	(300)	(1)
Total revenue	12,102	11,409	4,313	289	(300)	27,813
Operating results	678	364	98	(268)		872
Interest income						11
Finance costs						(987)
Loss before taxation						(104)
Taxation						-
Loss after taxation						(104)

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**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2013****Profit/(Loss) Before Taxation**

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

	Quarter ended		6 months cumulative to date	
	30/6/2013	30/6/2012	30/6/2013	30/6/2012
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Interest income	(5)	(6)	(11)	(11)
Gain on disposal of property, plant and equipment	(543)	(11)	(543)	(187)
Depreciation of property, plant and equipment	1,008	1,017	2,020	2,080
Interest expense	460	346	798	851
Net fair value (gain)/loss on other investment	(379)	-	(379)	(190)
Bad debts recovered	-	-	-	(3)

Changes in Contingent Liabilities

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

Inventories

An allowance write back for slow-moving stocks of RM22,838.09 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: -

	30/6/2013
	RM'000
Property, plant and equipment – Approved but not contracted for	<u><u>9,070</u></u>

Related Party Transactions

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



**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2013**

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

Review of Performance

For the second quarter ended 30 June 2013, the Group recorded total revenue of RM15.95 million compared to RM15.01 million in the corresponding quarter in the year 2012, an increase of 6.0%.

For the current quarter, the Group posted a profit before taxation of RM0.19 million versus RM0.25 million in the same quarter in the year 2012. Lower margins in the current quarter were offset by gains arising from the disposal of certain fixed assets and gains arising from the revaluation of quoted investments.

Variation of Results against Immediate Preceding Quarter (Q2 2013 vs Q1 2013)

The Group recorded total revenue of RM15.95 million in the second quarter of 2013 as compared to RM13.17 million in the second quarter ended 30 June 2012, an increase of 21%. This can be attributed to contributions from all key customers from all the segments.

For the current quarter, the Group posted a profit before taxation of RM0.19 million compared to a loss before taxation of RM1.23 million in the preceding quarter. The better performance in the current quarter were mainly attributable to improving margins, gains arising from the disposal of certain fixed assets and gains arising from the revaluation of quoted investments.

Prospects

The Malaysian economy closed at 4.3% in Q2 versus a 4.1% growth in Q1, driven mainly by domestic demand. The continuing weak external environment may affect the overall performance of the economy for the year 2013. With the elections over, the Group expects the economy's performance to improve. The improving performance in Q2 versus Q1 reported earlier is a trend the Group hopes will continue for the rest of the year. Despite the weak external environment, the Group continues to aggressively seek new business opportunities outside its traditional base. The packaging and printing business is expected to remain competitive and the Group will continue with its efforts to identify new market opportunities, selectively invest in capacity building and continue to identify areas to improve efficiency and reduce costs.

Profit Forecast

This is not applicable.

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FOR THE SECOND QUARTER ENDED 30 JUNE 2013****Taxation**

	Quarter ended 30.06.2013 RM'000	Quarter ended 30.06.2012 RM'000	Period ended 30.06.2013 RM'000	Period ended 30.06.2012 RM'000
Taxation for the quarter/period	1	-	1	-
Under/ (over) provision in prior year	-	-	-	-
Deferred Taxation for the quarter/period	-	-	-	-
	<u>1</u>	<u>-</u>	<u>1</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.

Status of Corporate Proposals Announced

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

Borrowing and Debt Securities

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

	30/6/2013 RM'000	31/12/2012 RM'000
<i>Secured</i>		
Borrowings	17,727	16,889
Term Loan	2,025	2,731
Hire Purchases Creditors	1,427	1,818
Bank Overdrafts	5,757	4,391
	26,936	25,829
Total Borrowings	<u>26,936</u>	<u>25,829</u>

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

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Realised and Unrealised Profit or Losses

The accumulated losses as at 30 June 2013 and 31 December 2012 are analyzed as follows:-

	As At End of Current Quarter 30/6/2013 RM'000	As At End of Preceeding year end 31/12/2012 RM'000
Total accumulated losses of the Company & subsidiaries :-		
-Realised	(74,833)	(73,793)
-Unrealised	(3,702)	(3,702)
	<u>(78,534)</u>	<u>(77,495)</u>
Less: Consolidation adjustments	14,495	14,495
Total accumulated losses as per consolidated account	<u><u>(64,040)</u></u>	<u><u>(63,000)</u></u>

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 profit / (loss) for the period of RM1,039,245 by the number of ordinary shares in issue during the period of 110,643,081.