

**VERSATILE CREATIVE BERHAD**

(Company No. : 603770-D)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 30 JUNE 2016****CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2016**

(The figures have not been audited)

	Note	Individual Financial Quarter Ended		Cumulative Financial Quarter Ended	
		30/06/2016 RM '000	30/06/2015 RM '000	30/06/2016 RM '000	30/06/2015 RM '000
Revenue	A10	12,438	11,322	12,438	11,322
Cost of sales		(11,023)	(9,732)	(11,023)	(9,732)
Gross profit		1,415	1,590	1,415	1,590
Other income		116	75	116	75
Distribution expenses		(408)	(460)	(408)	(460)
Administrative expenses		(1,710)	(3,172)	(1,710)	(3,172)
Loss before interest and taxation		(587)	(1,967)	(587)	(1,967)
Interest income		6	1	6	1
Finance costs		(249)	(273)	(249)	(273)
Loss before taxation		(830)	(2,239)	(830)	(2,239)
Taxation	B5	-	-	-	-
Loss after taxation		(830)	(2,239)	(830)	(2,239)
Other comprehensive loss					
Loss on fair value changes		(2,007)	(4,731)	(2,007)	(4,731)
Total other comprehensive loss for the financial period		(2,007)	(4,731)	(2,007)	(4,731)
Total comprehensive loss for the financial period		(2,837)	(6,970)	(2,837)	(6,970)
Loss per share - Basic (sen)	B11	(0.71)	(1.91)	(0.71)	(1.91)

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2016)

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**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 30 JUNE 2016****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016**

	Note	As at 30/06/2016 (Unaudited) RM'000	As at 31/03/2016 (Audited) RM'000
ASSETS			
Non-Current Assets			
Property, Plant and Equipment		34,058	34,553
Other Investments		11,040	12,617
		<u>45,098</u>	<u>47,170</u>
Current Assets			
Trade and other receivables		20,643	17,295
Inventories		4,593	4,895
Current Tax Assets		481	445
Other Investment		3,020	3,451
Fixed Deposits Place with a Licensed Bank		778	762
Cash and Bank Balances		531	681
		<u>30,046</u>	<u>27,529</u>
Total Assets		<u>75,144</u>	<u>74,699</u>

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(Continued)**

		As at 30/06/2016 (Unaudited) RM'000	As at 31/03/2016 (Audited) RM'000
EQUITY AND LIABILITIES			
EQUITY			
Share Capital		58,669	58,669
Share Premium		1,473	1,473
Capital Redemption Reserve		3,000	3,000
Revaluation Reserve		4,860	4,860
Fair Value Reserve		-	611
Accumulated Losses		(26,329)	(24,103)
Total Equity		41,673	44,510
LIABILITIES			
Non-Current Liabilities			
Loan and Borrowings	B8	3,166	3,494
Deferred Tax Liabilities		2,954	2,954
		6,120	6,448
Current Liabilities			
Trade and other payables		13,408	9,621
Loan and Borrowings	B8	13,943	14,120
		27,351	23,741
Total Liabilities		33,471	30,189
Total Equity and Liabilities		75,144	74,699
Net Assets per share (RM)		0.36	0.38

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2016)

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**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 30 JUNE 2016****CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED
30 JUNE 2016**

	Attributable to equity holders of the Company						Total Equity RM'000
	Non-Distributable						
	Share Capital RM'000	Share Premium RM'000	Capital Redemption Reserve RM'000	Revaluation Reserve RM'000	Fair value Reserve RM'000	Accumulated Losses RM'000	
Period ended 30 June 2016							
At 01 April 2016	58,669	1,473	3,000	4,860	611	(24,103)	44,510
Loss for the period	-	-	-	-	-	(830)	(830)
Other comprehensive loss for the financial period	-	-	-	-	(611)	(1,396)	(2,007)
Total comprehensive loss for the financial period	-	-	-	-	(611)	(2,226)	(2,837)
At 30 June 2016	58,669	1,473	3,000	4,860	-	(26,329)	41,673
Period ended 30 June 2015							
At 01 April 2015	55,321	-	3,000	8,609	15,987	(25,788)	57,129
Fair value of available-for-sales financial assets	-	-	-	-	(4,731)	-	(4,731)
Issuance of ordinary shares	3,348	1,473	-	-	-	-	4,821
Loss for the period	-	-	-	-	-	(2,239)	(2,239)
Total comprehensive loss for the financial period	3,348	1,473	-	-	(4,731)	(2,239)	(2,149)
At 30 June 2015	58,669	1,473	3,000	8,609	11,256	(28,027)	54,980

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2016)

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**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 30 JUNE 2016****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED
30 JUNE 2016**

(The figures have not been audited)

	30/06/2016	30/06/2015
	<u>RM'000</u>	<u>RM'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Loss before taxation	(830)	(2,239)
<u>Adjustments for non-cash flow items:</u>		
Non-cash items	773	2,329
Non-operating items	243	272
Operating profit before working capital changes	186	362
<u>Changes in working capital:</u>		
Inventories	302	(212)
Trade and other receivables	(3,348)	2,260
Trade and other payables	3,787	(3,222)
Cash generated from/(used in) operations	927	(812)
Interest received	6	1
Interest paid	(64)	(183)
Net income tax paid	(36)	-
Net cash from/(used in) operating activities	<u>833</u>	<u>(994)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Acquisition of property, plant and equipment	(318)	(14)
Fixed deposit held as security value	(15)	-
Proceeds from disposal of property, plant and equipment	40	-
Proceeds from disposal of other investment	-	4,821
Net cash (used in)/from investing activities	<u>(293)</u>	<u>4,807</u>

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**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 30 JUNE 2016****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED
30 JUNE 2016 (Continued)**

	30/06/2016	30/06/2015
	<u>RM'000</u>	<u>RM'000</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of ordinary shares	-	-
Interest paid	(184)	(90)
Repayment of borrowings	168	(3,621)
Repayment of finance lease liabilities	(315)	(199)
Net cash used in financing activities	<u>(331)</u>	<u>(3,910)</u>
NET CHANGE IN CASH & CASH EQUIVALENTS	209	(97)
CASH & CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	(2,785)	(3,194)
CASH & CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u>(2,576)</u>	<u>(3,291)</u>
Analysis of Cash & Cash Equivalents:		
	RM'000	RM'000
Cash and bank balances	531	864
Fixed deposit placed with a licensed bank	778	751
	1,309	1,615
Less: Fixed deposit pledged to a licensed bank	(778)	(751)
Less: Bank overdraft	(3,107)	(4,155)
	<u>(2,576)</u>	<u>(3,291)</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the year ended 31 March 2016)



**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 30 JUNE 2016**

NOTES TO INTERIM FINANCIAL REPORT

A. DISCLOSURE REQUIREMENTS AS PER MFRS 134

1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The interim financial report should be read in conjunction with the annual audited financial statements of the Group for the year ended 31 March 2016.

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

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

Amendments/Improvements to MFRSs

MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 7	Financial Instruments: Disclosures
MFRS 11	Joint Arrangements
MFRS 12	Disclosures of Interest in Other Entities
MFRS 101	Presentation of Financial Statements
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
MFRS 134	Interim Financial Reporting
MFRS 138	Intangible Assets
MFRS 141	Agriculture

The adoption of the above amendments/improvements to MFRSs did not have any material financial impact to the Group.

2. Audit Report Qualification and Status of Matters Raised

The annual audited financial statements of the Group for the year ended 31 March 2016 were not subject to any qualifications.

3. 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.



**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 30 JUNE 2016**

4. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current financial quarter under review.

5. Changes in Estimates

There were no significant changes in the estimates which give a material effect for the current financial quarter under review.

6. Valuation of Property, Plant and Equipment

Land and buildings have been brought forward, without amendment from the annual audited financial statements for the financial year ended 31 March 2016.

7. Changes in Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares or resale of treasury shares for the current financial quarter under review.

8. Dividend Paid

There was no dividend paid during the current financial quarter under review.

9. Material Events Subsequent to the End of the Reporting Period

There are no material events subsequent to the end of the reporting period that have not been reflected in the quarterly financial report.

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**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 30 JUNE 2016****10. Operating Segments**

The Group's operating segments for the financial period ended 30 June 2016 were as follows:

Segmental information for 3 months ended 30 June 2016

Business Segment	Financial period ended 30 June 2016					Consolidated RM'000
	Paper products RM'000	Plastic products RM'000	Colour Separation & Printing RM'000	Others RM'000	Elimination RM'000	
Revenue from external customers	6,867	5,218	352	-	-	12,437
Inter-segment revenue	122	1	2	277	(402)	-
Total revenue	<u>6,989</u>	<u>5,219</u>	<u>354</u>	<u>277</u>	<u>(402)</u>	<u>12,437</u>
Operating results	<u>384</u>	<u>(562)</u>	<u>(177)</u>	<u>(232)</u>	<u>-</u>	<u>(587)</u>
Interest income						6
Interest expense						(249)
Loss before taxation						<u>(830)</u>
Taxation						-
Loss after taxation						<u>(830)</u>

Segmental information for 3 months ended 30 June 2015

Business Segment	Financial period ended 30 June 2015					Consolidated RM'000
	Paper products RM'000	Plastic products RM'000	Colour Separation & Printing RM'000	Others RM'000	Elimination RM'000	
Revenue from external customers	6,624	4,125	573	-	-	11,322
Inter-segment revenue	94	-	-	248	(342)	-
Total revenue	<u>6,718</u>	<u>4,125</u>	<u>573</u>	<u>248</u>	<u>(342)</u>	<u>11,322</u>
Operating results	<u>(1,018)</u>	<u>(649)</u>	<u>(14)</u>	<u>(286)</u>	<u>-</u>	<u>(1,967)</u>
Interest income						1
Interest expense						(273)
Loss before taxation						<u>(2,239)</u>
Taxation						-
Loss after taxation						<u>(2,239)</u>

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**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 30 JUNE 2016****11. Changes in the Composition of the Group**

There were no changes in the composition of the Group during the current financial quarter under review.

12. Loss Before Taxation

The following items have been charged/(credited) in arriving loss before taxation:

	Individual Financial		Cumulative Financial	
	Quarter Ended		Quarter Ended	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
The following items have been charged/(credited) in arriving loss before taxation:				
Depreciation of property, plant and equipment	813	915	813	915
Gain on disposal of property, plant and equipment	(40)	-	(40)	-
Interest expense	249	273	249	273
Interest income	(6)	(1)	(6)	(1)
Net fair value loss on other investments	-	1,414	-	1,414
Net foreign exchange loss	46	-	46	-

13. Changes in Contingent Liabilities

There were no contingent liabilities incurred or known to be incurred by the Group as at 30 June 2016.

14. Provision for Warranties

There were no provision for warranties for the current financial quarter under review.

15. Capital Commitments

The capital commitments of the Group are as follows:

	30/06/2016
	RM'000
Authorised and contracted for:-	
- purchase of property, plant and equipment	37
	<u>37</u>
	<u>37</u>

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**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 30 JUNE 2016****16. Related Party Transactions**

There were no significant related party transactions for the current financial quarter under review.

B. Additional information required by the Bursa Malaysia's Listing Requirements**1. Review of Current Quarter Performance**

	Individual Quarter		Variances
	Q1-FY'17	Q1-FY'16	
	(Unaudited)		
	RM'000		
<u>Segmental Revenue</u>			
Paper Products	6,989	6,718	271
Plastic Products	5,219	4,125	1,094
Colour Separation & Printing	354	573	(219)
Others	277	248	29
Elimination	(402)	(342)	(60)
Group Revenue	12,438	11,322	1,116

Revenue

The Group revenue for the current quarter ("Q1 FY17") increased by RM1.12 million or 9.9% to RM12.44 million, as compared to RM11.32 million recorded in last year's corresponding quarter ("Q1 FY16"). The revenue increase emanated mainly from both the Group Paper Products and Plastic Products divisions and was attributable to the culmination of the following factors:

- The relocation of a customer's operating units back to Malaysia, leading to renewal of supplies to them by the Group
- A general increase in sales to certain customers to meet their current production requirements and also to build up their stock levels
- Changes in the packaging designs of the products of some customers resulting in new orders for supplies by the Group

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**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 30 JUNE 2016****Profit/(Loss) Before Taxation**

	Individual Quarter		Variances
	Q1-FY'17 (Unaudited)	Q1-FY'16 (Unaudited)	
	RM'000		
Operating Profit /(Loss) :			
Paper Products	385	(1,018)	1,403
Plastic Products	(562)	(649)	87
Colour Separation & Printing	(177)	(14)	(163)
Others	(232)	(286)	54
Operating Profit /(Loss)	(587)	(1,967)	1,380
Total Finance Cost	(243)	(272)	29
Group Profit /(Loss) Before Taxation	(830)	(2,239)	1,409

The Group registered a loss before taxation of RM0.83 million in Q1 FY17, compared against the Q1 FY16 loss before taxation of RM2.24 million. The significant reduction in loss before taxation of RM1.41 million achieved in the current quarter was attributable to a RM1.4 million turnaround achieved by the Group's Paper Products division.

2. Variation of Results against Immediate Preceding Quarter

	Individual Quarter		Variances
	Q1-FY'17 (Unaudited)	Q4-FY '16 (Unaudited)	
	RM'000		
<u>Segmental Revenue</u>			
Paper Products	6,989	6,285	704
Plastic Products	5,219	4,866	353
Colour Separation & Printing	354	296	58
Others	277	285	(8)
Elimination	(402)	(358)	(45)
Group Revenue	12,438	11,374	1,063

Revenue

The Group achieved an increase in revenue of RM1.06 million or 9.3% to RM11.44 million (Q4 FY16: RM11.37 million), mainly due to improved sales performance by the Group Paper Products, Plastic Products and Colour Separation divisions, the contributory factors of which are as elaborated in section B1 above.

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FOR THE FIRST QUARTER ENDED 30 JUNE 2016****Profit/(Loss) Before Taxation**

	Individual Quarter		Variances
	Q1-FY'17	Q4-FY '16	
	(Unaudited)	(Unaudited)	
	RM'000		
Operating Profit/(Loss):			
Paper Products	385	(459)	844
Plastic Products	(562)	(266)	(296)
Colour Separation & Printing	(177)	(42)	(135)
Others	(232)	(261)	29
Elimination	-	-	-
Operating Profit/(Loss)	(587)	(1,028)	441
Total Finance	(243)	(292)	48
Group Profit/(Loss) Before Taxation	(830)	(1,320)	490

The current quarter's loss before taxation of RM0.83 million as compared with Q4 FY16 loss before taxation of RM1.32 million represents a reduction in loss of RM0.49 million. This positive movement was mainly contributed by a turnaround of RM0.84 million achieved by Group Paper Products division

3. Prospects

The Group will continue to pursue the strategies to leverage on machine and product innovations as well as securing new customers and implementing new strategies; these strategies are beginning to gain traction, with higher reported sales in the current quarter as compared to the previous quarter despite the uncertain global economic outlook and the sluggish local economic conditions.

4. Profit Forecast

This is not applicable.



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5. Taxation

	Individual Financial		Cumulative Financial	
	Quarter Ended		Quarter Ended	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM'000	RM'000	RM'000	RM'000
Taxation				
- in current quarter	-	-	-	-
- (under)/over provision in prior year	-	-	-	-
Deferred taxation				
- in current quarter	-	-	-	-
- under provision in prior year	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

6. Disposal of Quoted or Unquoted Investments or Properties

There were no disposals of quoted or unquoted investments included in the results of the Group for the current financial quarter under review.

7. Status of Corporate Exercise

Save as disclosed below, there are no corporate proposals announced during the current financial quarter under review.

Bursa had, via its letter dated 11 January 2016, granted the Company a further extension of time of 4.5 months to 18 April 2016 to comply with the public shareholding spread requirement (“PSS”).

On 1 April 2016, MIDF Amanah Investment Berhad (“MIDF”) on behalf of the company submitted an application to Bursa for an extension of time of 6 months from 18 April 2016 to 17 October 2016 for the placement of the remaining 4,368,708 shares arising from a private placement exercise.

The Company had on 14 April 2016 submitted an application letter to Bursa Securities requesting an extension of time and is awaiting approval of the same by Bursa Securities.

On 6 July 2016, the company submitted an announcement to Bursa on its compliance with the public shareholding spread (“PSS”) requirements pursuant to paragraph 8.02(1) of Listing Requirements of Bursa Malaysia.

The percentage of PSS of the Company as at 30 June 2016 was 25.90%, comprising 5,696 public shareholders holding not less than 100 shares each.

Further to the announcements made on 26 May 2016, 27 May 2016, 30 May 2016 & 1 June 2016 and explanations stated at the part B section 7 of Q4’ FY’16 quarterly report pertaining to the Letter of Offer received from Oriental Mace Sdn. Bhd. (“OMSB”), On 9 June 2016 the company (“VCB”) had,

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in view of the short validity period specified in the Letter of Offer as a condition for acceptance, wrote to OMSB to request an extension of time for a minimum of 3 weeks to enable VCB to complete all due processes and procedures prior to making a final decision on the said offer. The announcement was made on the same day.

VCB is still awaiting OMSB's response to its written request for the extension of time and, as soon as the anticipated response is received, VCB will make the necessary announcement.

8. Borrowings and Debts Securities

a) Total Group's borrowings as at the reporting quarter were as follows:

	As at 30/06/2016 (Unaudited) RM'000	As at 31/03/2016 (Audited) RM'000
<u>Short term borrowings</u>		
<i>Secured</i>		
Borrowings	9,110	8,941
Term Loan	-	-
Finance Lease Liabilities	1,726	1,713
Bank Overdraft	3,107	3,466
	<u>13,943</u>	<u>14,120</u>
 <u>Long term borrowings</u>		
<i>Secured</i>		
Borrowings	-	-
Finance Lease Liabilities	3,166	3,494
Total Group's Borrowings	<u>3,166</u>	<u>3,494</u>

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

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The accumulated losses as at 31 March 2016 and 31 March 2015 were analysed as follows:

	As At 30/06/2016 (Unaudited) RM'000	As At 31/03/2016 (Audited) RM'000
Total accumulated losses of the Company and its subsidiaries		
- Realised	(24,269)	(22,043)
- Unrealised	(2,954)	(2,954)
	<u>(27,223)</u>	<u>(24,997)</u>
Consolidation adjustments	894	894
Total Group accumulated losses	<u><u>(26,329)</u></u>	<u><u>(24,103)</u></u>

10. Dividend

The Board of Directors does not recommend any dividend for the current financial quarter under review.

11. Loss per share**(a) Basic loss per share**

The calculation of basic earnings per share for the financial period is based on the net loss attributable to equity holders of the parent company and divided by the number of ordinary shares outstanding during the financial period.

	Individual Financial Quarter Ended		Cumulative Financial Quarter Ended	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
Group's loss attributable to owners of the parent company (RM'000)	(830)	(2,239)	(830)	(2,239)
Weighted average number of ordinary shares in issue ('000)	117,339	117,339	117,339	117,339
Basic loss per share (sen)	(0.71)	(1.91)	(0.71)	(1.91)

(b) Diluted loss per share

The Group does not have in issue any financial instrument or other contract that may entitle its holder to ordinary shares and therefore, dilutive to its basic loss per share.