



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

**CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE FINAL QUARTER ENDED 31 DECEMBER 2006**  
**(The figures have not been audited)**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Quarter Ended</b>	<b>Quarter Ended</b>	<b>Year Ended</b>	<b>Year Ended</b>
	<b>31/12/06</b>	<b>31/12/05</b>	<b>31/12/06</b>	<b>31/12/05</b>
	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>
Revenue	19,045	18,215	69,814	68,151
Cost of Sales	(15,240)	(14,483)	(57,562)	(55,281)
Gross Profit	3,805	3,732	12,252	12,870
Other Operating Expenses	(3,308)	(2,641)	(12,148)	(10,233)
Other Income	3,396	47	4,651	178
Operating Results	3,893	1,138	4,755	2,815
Interest Income	6	7	26	41
Financing Costs	(861)	(683)	(3,103)	(2,640)
Profit before Taxation	3,038	462	1,678	216
Tax Expense	(17)	11	(67)	(251)
Profit/(Loss) for the year	3,021	473	1,611	(35)
Earnings/(Loss) per share - Basic (sen)	2.73	0.43	1.46	(0.03)
Earnings/(Loss) per share - Diluted (sen)	NA	NA	NA	NA



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**CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2006**  
(The figures have not been audited)

	As at 31/12/2006 RM '000	As at 31/12/2005 RM '000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	45,041	48,111
Prepaid Interest in Leased Land	1,535	1,562
Goodwill on Consolidation	29,770	29,770
Other Investments	38,184	33,993
	<u>114,530</u>	<u>113,436</u>
<b>Current Assets</b>		
Inventories	6,004	5,928
Trade Receivables	22,209	22,896
Other Receivables, deposits and prepayments	2,847	1,578
Tax Recoverable	870	568
Fixed deposits with licensed banks and a financial institution	573	552
Cash and Bank Balances	1,338	2,331
	<u>33,841</u>	<u>33,853</u>
<b>Total Assets</b>	<u>148,371</u>	<u>147,289</u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share Capital	110,643	110,643
Accumulated Losses	(22,825)	(24,436)
Reserves	3,000	3,000
<b>Total Equity</b>	<u>90,818</u>	<u>89,207</u>
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Term Loans (Secured)	11,701	17,015
Hire Purchase Creditors	1,001	1,463
Deferred Taxation	5,647	5,647
	<u>18,349</u>	<u>24,125</u>
<b>Current Liabilities</b>		
Trade Payables	5,816	6,230
Other Payables and Accruals	5,288	3,678
Borrowings	21,631	17,849
Term Loans (Secured)	4,912	4,350
Hire Purchase Creditors	1,557	1,850
	<u>39,204</u>	<u>33,957</u>
<b>Total Liabilities</b>	57,553	58,082
<b>Total Equity and Liabilities</b>	<u>148,371</u>	<u>147,289</u>
<b>Net Assets per share (RM)</b>	<u>0.8208</u>	<u>0.8063</u>



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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006**  
**(The figures have not been audited)**

	Year Ended 31/12/2006 RM '000	Year Ended 31/12/2005 RM '000
<b>Cash Flows From Operating Activities</b>		
Net cash generated from operating activities	5,019	5,596
<b>Cash Flows from Investing Activities</b>		
Net cash used in investing activities	(4,289)	(2,300)
<b>Cash Flows from Financing Activities</b>		
Net cash used in financing activities	(3,927)	(2,707)
Net Change in Cash & Cash Equivalents	<u>(3,197)</u>	<u>589</u>
Cash & cash equivalents at beginning of the year	(345)	(934)
Cash & cash equivalents at end of the year	<u><u>(3,542)</u></u>	<u><u>(345)</u></u>
<b>Cash and cash equivalents included in the cash flow statement comprises:</b>		
Cash and Bank Balances	1,338	2,331
Bank Overdrafts	<u>(4,880)</u>	<u>(2,676)</u>
	<u><u>(3,542)</u></u>	<u><u>(345)</u></u>



**VERSATILE CREATIVE BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2006**

(The figures have not been audited)

	Share Capital RM '000	Non-Distributable Capital Redemption Reserve RM '000	Accumulated Losses RM '000	Total Equity RM '000
At 1 January 2006	110,643	3,000	(24,436)	89,207
Net profit for the year	-	-	1,611	1,611
<b>At 31 December 2006</b>	<b>110,643</b>	<b>3,000</b>	<b>(22,825)</b>	<b>90,818</b>
At 1 January 2005	110,643	3,000	(24,401)	89,242
Net loss for the year	-	-	(35)	(35)
<b>At 31 December 2005</b>	<b>110,643</b>	<b>3,000</b>	<b>(24,436)</b>	<b>89,207</b>



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FINAL QUARTER ENDED 31 DECEMBER 2006**

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**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 2005.

**Changes in Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2005 except for the adoption of a total of 20 new/revised Financial Reporting Standards and other interpretations (herein thereafter referred as FRSs) effective for the financial statements commencing 1 January 2006 for 18 FRSs and 1 October 2006 for 2 FRSs.

The Group has decided for early adoption of the 2 new/revised FRSs for the financial period beginning 1 October 2006.

The principal effects of the changes in accounting policies resulting from the adoption of the new/revised FRSs are discussed below:

**a) FRS 3: Business Combinations, FRS 136: Impairment of Assets and FRS 138: Intangible Assets**

The adoption of these new FRSs has resulted in the Group ceasing annual goodwill amortization. Goodwill is carried at cost less accumulated impairment losses and is now tested for impairment annually, for more frequently if events or changes in circumstances indicate that it might be impaired. Any impairment loss is recognized in profit or loss and subsequent reversal is not allowed. Prior to 1 January 2006, goodwill was amortised over its estimated useful life of not more than 25 years. This change in accounting policy has been accounted for prospectively for business combinations where the agreement date is on or after 1 January 2006. The transitional provisions of FRS 3, however, have required the Group to eliminate at 1 January 2006 the carrying amount of the accumulated amortization of RM2,941,540 against the carrying amount of goodwill. The carrying amount of goodwill as at 1 January 2006 of RM29,770,596 ceased to be amortised. This has the effect of reducing the amortization charges by RM339,409 in the current quarter and RM1,357,636 in the financial year ended 31 December 2006.

**b) FRS 117: Leases**

The adoption of the revised FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments for the leasehold land represents prepaid interest in leased land and are amortised on a straight-line basis over the lease term. Prior to 1



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January 2006, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses.

Upon the adoption of the revised FRS 117 at 1 January 2006, the unamortized amount of leasehold land is retained as the carrying amount of prepaid interest in leased land. The reclassification of leasehold land as prepaid interest in leased land has been accounted for retrospectively and the comparative amounts as at 31 December 2005 have been restated, as follows:-

	As restated	As previously stated
	RM'000	RM'000
Property, Plant and Equipment	48,111	49,673
Prepaid Interest in Leased Land	1,562	-

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

The annual audited financial statements of the Group for the year ended 31 December 2005 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 2005.

**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.



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**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 year that have not been reflected in the financial statements for the said year as at the date of this report.

**Changes in the Composition of the Group**

There were no other changes in the composition of the Group for the current quarter under review.

**Segment Information**

Segmental information for the financial year ended 31 December 2006.

	<b>Paper products 2006 RM'000</b>	<b>Plastic products 2006 RM'000</b>	<b>Colour Separation &amp; Printing 2006 RM'000</b>	<b>Others 2006 RM'000</b>	<b>Elimination 2006 RM'000</b>	<b>Consolidated 2006 RM'000</b>
<b>Business Segments</b>						
Revenue from external customers	22,801	31,832	15,181	-	-	69,814
Inter-segment revenue	231	-	124	772	(1,127)	-
<b>Total revenue</b>	<b>23,032</b>	<b>31,832</b>	<b>15,305</b>	<b>772</b>	<b>(1,127)</b>	<b>69,814</b>
<b>Operating Results</b>	<b>180</b>	<b>1,602</b>	<b>648</b>	<b>-2,342</b>	<b>(17)</b>	<b>4,755</b>
Interest Income						26
Financing Costs						(3,103)
Profit before Taxation						1,678
Tax Expense						(67)
Net profit for the year						1,611

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Segmental information for the financial year ended 31 December 2005.

	<b>Paper products 2005 RM'000</b>	<b>Plastic products 2005 RM'000</b>	<b>Colour Separation &amp; Printing 2005 RM'000</b>	<b>Others 2005 RM'000</b>	<b>Elimination 2005 RM'000</b>	<b>Consolidated 2005 RM'000</b>
<b>Business Segments</b>						
Revenue from external customers	22,538	29,397	16,112	104	-	68,151
Inter-segment revenue	202	-	113	752	(1,067)	-
Total revenue	<u>22,740</u>	<u>29,397</u>	<u>16,225</u>	<u>856</u>	<u>(1,067)</u>	<u>68,151</u>
<b>Operating Results</b>	<u>1,452</u>	<u>2,344</u>	<u>423</u>	<u>(46)</u>	<u>(1,358)</u>	<u>2,815</u>
Interest Income						41
Financing Costs						(2,640)
Profit before Taxation						<u>216</u>
Tax Expense						(251)
Net loss for the year						<u>(35)</u>

**Changes in Contingent Liabilities**

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

**Inventories**

There was an allowance made on inventories for obsolescence amounting to RM159,011 for the current financial year to date.

**Provision for Warranties**

There was no provision for warranties for the current financial year to date.





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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: -

	<b>2006</b>
	RM'000
Property, plant and equipment – Approved but not contract for	4,925
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**Related Party Transactions**

Significant transactions with related parties in the financial statements are as follows:-

	<b>Current Quarter</b>
	<b>Ended 31/12/2006</b>
	RM'000
<b>With a company in which Encik Shahabuddin bin Abdullah @ Lee Seng Pun, a Director, has interests :-</b>	
DI Print Solutions Sdn Bhd	
Sales	1,425
Purchases	(82)
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These transactions have been entered into in the normal course of business and have been established on terms, which are not more favorable than to third parties.

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

For the quarter ended 31 December 2006, the Group recorded a revenue of RM19.0 million compared to RM18.2 million in 2005 and a profit before taxation of RM3.0 million compared to RM0.5 million in 2005. The higher profit for the final quarter ended 31 December 2006 compared to 2005, was mainly due to the gain from the disposal of quoted securities.

**Variation of Results against Immediate Preceding Quarter**

The Group's revenue for the current quarter amounted to RM19.0 million as compared to RM17.1 million in the third quarter ended 30 September 2006. A profit before taxation of RM3.0 million was achieved in the current quarter compared to RM0.4 million in the immediate preceding quarter, was mainly due to the gain from disposal of quoted securities.

**Prospects**

The packaging and printing businesses continue to experience intense competition and the Directors expect the coming year to remain challenging. Nevertheless, continual efforts will be made to improve revenue and minimise overall costs.

**Profit Forecast**

This is not applicable.

**Tax expense**

	<b>Quarter ended 31/12/2006</b>	<b>Quarter ended 31/12/2005</b>	<b>Year ended 31/12/2006</b>	<b>Year ended 31/12/2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Taxation for the quarter/year	17	-	67	153
Deferred Taxation for the quarter/year	-	(11)	-	98
	<u>17</u>	<u>(11)</u>	<u>67</u>	<u>251</u>

The effective tax rate was lower mainly because certain income is not taxable.



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**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**

	<b>Quarter ended 31/12/2006 RM'000</b>	<b>Year ended 31/12/2006 RM'000</b>
Sales proceed	4,001	4,218
Less: Purchase consideration	(1,241)	(1,241)
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Gain from disposal of quoted securities	<u>2,760</u>	<u>2,977</u>

There was no purchase of quoted securities for the current quarter.

	<b>31/12/2006 RM'000</b>
Quoted shares	
At cost	<u>36,683</u>
At market value	<u>28,002</u>

**Status of Corporate Proposals Announced**

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

**Borrowing and Debt Securities (Excluding Term Loans and Hire Purchase Creditors)**

(a) Group borrowings as at the end of the reporting year were as follows:-

	<b>31/12/2006 RM'000</b>
<i>Secured</i>	
Borrowings	15,450
Bank Overdrafts	4,438
	<u>19,888</u>



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<i>Unsecured</i>	
Borrowings	1,301
Bank Overdrafts	442
	1,743
Total Borrowings	<u>21,631</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 year to date.

**Changes in Material Litigation**

As at the date of the report, the Company was not involved in any material litigation.

**Dividends**

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

**Earnings per share - Basic**

Basic earnings per share is calculated by dividing the Group's net profit for the year of RM1,610,580 by the number of ordinary shares in issue during the year of 110,643,081.