

**VERSATILE CREATIVE BERHAD**

(Company No. : 603770-D)

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009****CONDENSED CONSOLIDATED INCOME STATEMENT**

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 31-12-09 RM '000	Quarter Ended 31-12-08 RM '000	Period Ended 31-12-09 RM '000	Period Ended 31-12-08 RM '000
Revenue	14,488	15,063	52,574	65,825
Cost of Sales	(12,551)	(13,637)	(46,324)	(58,319)
Gross Profit	1,938	1,426	6,249	7,506
Other Operating Expenses	(7,485)	(15,211)	(12,895)	(21,705)
Other Income	9,059	961	9,884	2,682
Operating Results	3,512	(12,824)	3,239	(11,517)
Interest Income	5	4	24	26
Finance Costs	(344)	(488)	(1,707)	(2,259)
(Loss)/Profit Before Taxation	3,173	(13,308)	1,556	(13,750)
Taxation	64	1,008	64	915
Loss after taxation before minority interests	3,237	(12,300)	1,620	(12,835)
Minority interests	-	-	-	-
(Loss)/Profit for the Period	3,237	(12,300)	1,620	(12,835)
(Losses)/Earnings per Share - Basic (sen)	2.93	(11.12)	1.46	(11.60)
Losses per Share - Diluted (sen)	NA	NA	NA	NA

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**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
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	As at 31/12/2009 RM '000	As at 31/12/2008 RM '000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	35,123	39,021
Intangible Asset	18,770	18,770
Prepaid Interest in Leased Land	1,454	1,481
Other Investments	19,458	11,399
	<u>74,805</u>	<u>70,671</u>
Current Assets		
Receivables, Deposits and Prepayments	12,783	18,083
Inventories	7,424	7,980
Current Tax Assets	255	426
Asset Classified as held for Sale	-	-
Cash and Cash Equivalents	2,758	1,032
	<u>23,220</u>	<u>27,521</u>
Total Assets	<u>98,025</u>	<u>98,192</u>
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	110,643	110,643
Capital Redemption Reserve	3,000	3,000
Accumulated Losses	(59,096)	(60,716)
Total Equity	<u>54,547</u>	<u>52,927</u>
LIABILITIES		
Non-Current Liabilities		
Loan and Borrowings	6,302	6,912
Deferred Taxation	3,520	3,530
	<u>9,822</u>	<u>10,442</u>
Current Liabilities		
Payables and Accruals	11,226	9,494
Liability Classified as Held for Sale	-	-
Loan and Borrowings	22,430	25,329
Provision for Taxation	-	-
	<u>33,656</u>	<u>34,823</u>
Total Liabilities	<u>43,478</u>	<u>45,265</u>
Total Equity and Liabilities	<u>98,025</u>	<u>98,192</u>
Net Assets per share (RM)	<u>0.49</u>	<u>0.48</u>



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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Period Ended 31/12/2009 RM '000	Period Ended 31/12/2008 RM '000
Cash Flows From Operating Activities		
Net cash generated from operating activities	7,458	4,844
Cash Flows From Investing Activities		
Net cash used in investing activities	(108)	(500)
Cash Flows From Financing Activities		
Net cash used in financing activities	(4,676)	(5,486)
Net Change in Cash & Cash Equivalents	<u>2,674</u>	<u>(1,142)</u>
Cash & Cash Equivalents at beginning of the period	(4,812)	(3,670)
Cash & Cash Equivalents at end of the period	<u>(2,138)</u>	<u>(4,812)</u>
Cash and Cash Equivalents included in the Cash Flow Statement Comprises:		
Cash and Bank Balances	2,119	416
Deposits with licensed banks	639	616
Bank Overdrafts	<u>(4,257)</u>	<u>(5,228)</u>
	(1,499)	(4,196)
Less : Deposits pledge/deposit with maturity of more than three months	<u>(639)</u>	<u>(616)</u>
	<u>(2,138)</u>	<u>(4,812)</u>



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM '000	Non- Distributable Capital Redemption Reserve RM '000	Accumulated Losses RM '000	Total Equity RM '000
At 1 January 2009	110,643	3,000	(60,716)	52,927
Net Profit for the period	-	-	1,620	1,620
At 31 December 2009	110,643	3,000	(59,096)	54,547
At 1 January 2008	110,643	3,000	(47,881)	65,762
Net Loss for the period	-	-	(12,835)	(12,835)
At 31 December 2008	110,643	3,000	(60,716)	52,927



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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 2008.

Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2008.

Audit Report Qualification and Status of Matters Raised

The annual audited financial statements of the Group for the year ended 31 December 2008 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 2008.



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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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Segment Information

Segmental information for the financial period ended 31 December 2009.

	Paper products 2009 RM'000	Plastic products 2009 RM'000	Colour Separation & Printing 2009 RM'000	Others 2009 RM'000	Elimination 2009 RM'000	Consolidated 2009 RM'000
Business Segments						
Revenue from external customers	19,762	25,597	7,215	-	-	52,574
Inter-segment revenue	<u>17</u>	<u>-</u>	<u>66</u>	<u>579</u>	<u>(662)</u>	<u>-</u>
Total revenue	<u><u>19,779</u></u>	<u><u>25,597</u></u>	<u><u>7,281</u></u>	<u><u>579</u></u>	<u><u>(662)</u></u>	<u><u>52,574</u></u>
Operating results	<u><u>3,240</u></u>	<u><u>327</u></u>	<u><u>(4,493)</u></u>	<u><u>(9,569)</u></u>	<u><u>13,734</u></u>	3,239
Interest income						24
Finance costs						(1,707)
Profit/ (Loss) before taxation						<u>1,556</u>
Taxation						64
Net profit/ (loss) for the period						<u><u>1,620</u></u>

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Segmental information for the financial period ended 31 December 2008.

	Paper products 2008 RM'000	Plastic products 2008 RM'000	Colour Separation & Printing 2008 RM'000	Others 2008 RM'000	Elimination 2008 RM'000	Consolidated 2008 RM'000
Business Segments						
Revenue from external customers	21,199	32,505	12,121	-	-	65,825
Inter-segment revenue	131	(2)	40	729	(898)	-
Total revenue	<u>21,330</u>	<u>32,503</u>	<u>12,161</u>	<u>729</u>	<u>(898)</u>	<u>65,825</u>
Operating results	<u>(11,830)</u>	<u>906</u>	<u>1,208</u>	<u>(9,598)</u>	<u>7,797</u>	(11,517)
Interest income						26
Finance costs						(2,259)
Profit / (Loss) before taxation						<u>(13,750)</u>
Taxation						915
Net Profit/ (loss) for the period						<u>(12,835)</u>

Changes in Contingent Liabilities

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

Inventories

A recovery of RM122,192 for slow-moving stocks was made in the current financial period.

Provision for Warranties

There was no provision for warranties for the current financial period.



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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: -

	31/12/2009
	RM'000
Property, plant and equipment – Approved but not contracted for	3,729
	=====

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 quarter ended 31 December 2009, the Group recorded a revenue of RM14.5 million compared to RM15.1 million in corresponding quarter in 2008 and a profit before taxation of RM3.2 million compared to a loss before taxation of RM13.3 million in 2008. The significant improvement in the results of the Group can be mainly attributable to the revaluation surplus of investment in quoted shares offset by higher provisions for doubtful debts versus a diminution in value of investment in the same quoted shares in the corresponding quarter.

Variation of Results against Immediate Preceding Quarter

The Group's revenue for the current quarter amounted to RM14.5 million as compared to RM13.4 million in the third quarter ended 30 September 2009. The profit before taxation of RM3.2 million for the current quarter was higher as compared to a loss before taxation of RM0.2 million in the preceding quarter. The significant improvement in the results in the fourth quarter compared to the previous quarter can be mainly attributable to the revaluation surplus of the investment in quoted shares offset by higher provisions for doubtful debts.

Prospects

The packaging and printing business continue to experience intense competition and the Directors expect the coming year to remain challenging. The Group posted a profit in the fourth quarter mainly attributable to revaluation surplus of the investment in quoted shares, offset by higher provisions for doubtful debts. However, the improvement in revenue in the current quarter has caused the Directors to be cautiously optimistic that the worst is behind us.

The Malaysia economy is expected to expand next year and the Directors are optimistic that the Group will be able to improve its performance in the coming year. Continuing efforts are being made to improve revenue opportunities, improving margins and process efficiencies and minimizing overall costs. In view of the tightening of the labour market, the Group is also identifying automation opportunities to reduce reliance on manual labour.

Profit Forecast

This is not applicable.



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Taxation

	Quarter ended 31/12/2009	Quarter ended 31/12/2008	Period ended 31/12/2009	Period ended 31/12/2008
	RM'000	RM'000	RM'000	RM'000
Taxation for the quarter/period	73	147	73	245
Under/ (over) provision in prior year	198	-	198	11
Deferred Taxation for the quarter/period	(335)	(1,155)	(335)	(1,171)
	<u>(64)</u>	<u>(1,008)</u>	<u>(64)</u>	<u>(915)</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.

	31/12/2009
	RM'000
Quoted shares	
Valuation as at 01st January 2008	24,461
Less : Diminution in value	<u>(13,063)</u>
Valuation as at 31st December 2008	11,398
Less : Disposal	<u>(296)</u>
Add : Mark to Market @ 31 December 2009	<u>8,356</u>
Valuation as at 31st December 2009	<u>19,458</u>
Market value as at 31st December 2009	<u>19,596</u>

Status of Corporate Proposals Announced

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



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Borrowing and Debt Securities

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

	31/12/2009 RM'000
<i>Secured</i>	
Borrowings	15,266
Term Loan	6,840
Hire Purchases Creditors	2,369
Bank Overdrafts	4,276
	28,750
<i>Unsecured</i>	
Borrowings	-
Bank Overdrafts	(19)
	(19)
Total Borrowings	28,731

(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.

Earnings per share - Basic

Basic earnings per share is calculated by dividing the Group's net profit for the period of RM1,620,165 by the number of ordinary shares in issue during the period of 110,643,081.