

**VERSATILE CREATIVE BERHAD**

(Company No. : 603770-D)

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011****CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Quarter Ended	Quarter Ended	Period Ended	Period Ended
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	RM '000	RM '000	RM '000	RM '000
Revenue	12,936	13,918	54,785	57,518
Cost of Sales	(11,706)	(12,318)	(48,812)	(51,334)
Gross Profit	1,230	1,600	5,973	6,185
Other Income	235	957	436	1,547
Other Operating Expenses	(1,864)	(1,809)	(8,176)	(6,957)
Operating Results	(399)	748	(1,767)	775
Interest Income	-	5	12	18
Finance Costs	(500)	(553)	(2,028)	(1,942)
Non Operating Income	-	-	563	-
Non Operating Expenses	(2,634)	-	(2,634)	-
(Loss)/Profit Before Taxation	(3,533)	200	(5,854)	(1,150)
Taxation	(414)	1,383	(421)	1,383
Loss after taxation before minority interests	(3,947)	1,583	(6,275)	234
Minority interests	-	-	-	-
Profit for the Period	(3,947)	1,583	(6,275)	234
(Losses)/Earnings per Share - Basic (sen)	(3.57)	1.43	(5.67)	0.21
Losses per Share - Diluted (sen)	NA	NA	NA	NA

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**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****CONDENSED CONSOLIDATED STATEMENT
OF FINANCIAL POSITION**

(The figures have not been audited)

	31st December	2011
	As at 31/12/2011 RM'000	As at 31/12/2010 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	29,834	33,518
Intangible Asset	16,136	18,771
Prepaid Interest in Leased Land	1,399	1,427
Other Investments	17,636	17,068
	<u>65,006</u>	<u>70,783</u>
Current Assets		
Receivables, Deposits and Prepayments	14,130	14,235
Inventories	6,867	8,990
Current Tax Assets	86	97
Other Investment held for Sale	1,960	1,896
Cash and Cash Equivalents	1,709	1,601
	<u>24,752</u>	<u>26,819</u>
Total Assets	<u>89,758</u>	<u>97,602</u>
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	110,643	110,643
Capital Redemption Reserve	3,000	3,000
Accumulated Losses	(58,863)	(59,096)
Net Profit / (Loss) for the Year	(6,274)	234
Fair Value Reserves	124	(445)
Total Equity	<u>48,630</u>	<u>54,335</u>
LIABILITIES		
Non-Current Liabilities		
Loan and Borrowings	4,059	5,567
Deferred Taxation	2,485	2,151
	<u>6,545</u>	<u>7,718</u>
Current Liabilities		
Payables and Accruals	11,705	10,763
Loan and Borrowings	22,878	24,786
	<u>34,583</u>	<u>35,549</u>
Total Liabilities	<u>41,128</u>	<u>43,266</u>
Total Equity and Liabilities	<u>89,758</u>	<u>97,602</u>
Net Assets per share (RM)	<u>0.44</u>	<u>0.49</u>

(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 FOURTH QUARTER ENDED 31 DECEMBER 2011****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

	Period Ended 31/12/2011 RM'000	Period Ended 31/12/2010 RM'000
CASHFLOW FROM OPERATING ACTIVITIES:		
Profit/ (Loss) before taxation	(5,854)	(1,150)
<u>Adjustment for:</u>		
Allowance for doubtful debts	1	290
Recovery of doubtful debts	(3)	(1,132)
Amortisation of prepaid lease payments	27	27
Depreciation of property, plant and equipment	4,785	4,968
Gain on disposal of property, plant and equipment	(90)	(166)
Gain on disposal of a other investment	-	(95)
Impairment loss on goodwill	2,634	-
Impairment loss on other investment	(63)	494
Loss on disposal of property, plant and equipment	-	34
Unrealised Gain on foreign exchange	-	45
Write back of impairment loss on other investment	-	(445)
Interest income	(21)	(18)
Interest expense	1,610	1,942
Dividend received from other investment	(563)	-
	2,463	4,794
<u>Changes in working capital:</u>		
Inventories	2,123	(1,566)
Receivables, deposits and prepayments	108	(655)
Payables and accruals	914	(435)
Cash flow after working capital changes	5,607	2,137
Interest received	21	18
Interest paid	(308)	(875)
Tax refund	(2)	242
Tax paid	(46)	(99)
Net operating cash flows	5,273	1,425

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**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
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Acquisition of property, plant and equipment	(1,116)	(1,355)
Acquisition of a subsidiary, net cash acquired	-	(948)
Fixed deposit pledged to a licensed bank	(18)	(18)
Proceeds from disposal of property, plant and equipment	105	225
Divident Received from other investment	563	-
Proceeds from disposal of other investment	-	1,043
	(466)	(1,053)

CASHFLOW FROM FINANCING ACTIVITIES:

(Repayment) from loans and borrowings	(4,266)	849
(Repayment)/ proceeds from hire purchase liabilities	1,173	(2,008)
Interest paid (FA)	(1,302)	(1,068)
Net financing cash flows	(4,394)	(2,227)

NET CHANGE IN CASH & CASH EQUIVALENTS **413** **(1,855)**

**CASH & CASH EQUIVALENTS AT BEGINNING
OF THE FINANCIAL PERIOD** **(3,993)** **(2,138)**

**CASH & CASH EQUIVALENTS AT END OF THE
FINANCIAL PERIOD** **(3,580)** **(3,993)**

Analysis of Cash & Cash Equivalents:

	RM	RM
Cash and bank balances	1,034	944
Fixed Deposit	675	657
Less: Fixed deposit pledged to a licensed bank	(675)	(657)
Bank overdraft	(4,614)	(4,937)
	(3,580)	(3,993)

(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
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(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 2010	110,643	3,000	-	(59,097)	54,546
Transfer					
At 31st December 2010	-	-	(445)	234	(211)
At 31st December 2010	110,643	3,000	(445)	(58,863)	54,335
At 01st January 2011	110,643	3,000	(445)	(58,863)	54,335
At 31st December 2011	-	-	569	(6,274)	(5,705)
At 31st December 2011	110,643	3,000	124	(65,137)	48,630



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UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011

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 2010, except for Adoption of New and Revised FRSs , IC Interpretations and Amendments with the effect from 1 January 2010.

On 1 January 2010, the Group adopted the following FRSs, revised FRSs and amendments/ improvements to FRSs and IC Ints:-

New FRSs

FRS 4	Insurance Contract
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 139	Financial Instruments: Recognition and Measurement

Revised FRSs

FRS 101	Presentation of Financial Statements (revised 2009)
FRS 123	Borrowing costs

Amendments/ Improvements to FRSs

FRS 132	Financial Instruments: Presentation
FRS 139	Financial Instruments: Recognition and Measurement, FRS 7: Financial Instrument: Disclosure and IC Interpretation 9: Reassessment of Embedded Derivatives

IC Int

IC Int 9	Reassessment of Embedded Derivatives
IC Int 10	Interim Financial Reporting and Impairment

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.



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**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011**

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 2010.



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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 FOURTH QUARTER ENDED 31 DECEMBER 2011****Segment Information**

Segmental information for the financial period ended

31st December 2011

	Paper products YTDA 2011 RM'000	Plastic products YTDA 2011 RM'000	Colour Separation & Printing YTDA 2011 RM'000	Others YTDA 2011 RM'000	Elimination YTDA 2011 RM'000	Consolidated YTDA 2011 RM'000
Business Segments						
Revenue from external customers	24,381	23,191	7,242			54,814
Inter-segment revenue	-	-	-	571	(601)	(30)
Total revenue	<u>24,381</u>	<u>23,191</u>	<u>7,242</u>	<u>571</u>	<u>(601)</u>	<u>54,785</u>
Operating results	<u>(504)</u>	<u>(794)</u>	<u>204</u>	<u>(448)</u>	<u>(224)</u>	<u>(1,766)</u>
Interest income						12
Finance costs						(2,028)
Add: Non-Operating Income						563
Less: Non-Operating Expenses						(2,634)
Net loss before taxation						<u>(5,853)</u>
Taxation						(421)
Net Loss for the year						<u>(6,274)</u>

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**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011**

Segmental information for the financial period ended 30 December 2010.

Segment Information	31st December					2010
	Paper products	Plastic products	Colour Separation & Printing	Others	Elimination	Consolidated
	YTDA 2010	YTDA 2010	YTDA 2010	YTDA 2010	YTDA 2010	YTDA 2010
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Business Segments						
Revenue from external customers	25,572	24,490	7,457	-		57,519
Inter-segment revenue	46	-	-	633	(679)	-
Total revenue	<u>25,618</u>	<u>24,490</u>	<u>7,457</u>	<u>633</u>	<u>(679)</u>	<u>57,519</u>
Operating results	<u>1,768</u>	<u>(597)</u>	<u>13</u>	<u>87</u>	<u>(496)</u>	775
Interest income						18
Finance costs						(1,942)
Add: Non-Operating Income						-
Less: Non-Operating Expenses						-
Loss before taxation						<u>(1,149)</u>
Taxation						<u>1,383</u>
Net Profit for the year						<u><u>234</u></u>



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Changes in Contingent Liabilities

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

Inventories

Net provision of RM171,451.65 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.

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: -

	31/12/2011
	RM'000
Property, plant and equipment – Approved but not contracted for	<u>10,085</u>

Related Party Transactions

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



**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
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B. Additional information required by the Bursa Malaysia's Listing Requirements

Review of Performance – Q4 2011 vs Q4 2010

For the quarter ended 31 December 2011, the group recorded total revenue of RM12.9 mil as compared to RM13.9 mil in the fourth quarter ended in year 2010. A loss before taxation of RM3.5 mil is posted for the current quarter as compared to a profit before taxation of RM0.2 mil in previous fourth quarter. The higher loss in the current quarter was mainly attributable to the impairment on goodwill of RM2.6 mil .

Review of Performance – Full year 2011 vs Full year 2010

For the financial year ended 31 December 2011, the group recorded total revenue of RM54.7 million compared to RM57.5 million in year ended 2010. A loss before taxation of RM5.8 million was recorded as compared to a loss before taxation of RM1.15 million in the previous year. The higher loss in the current year was mainly due to the impairment on goodwill of RM2.6 mil.

Variation of Results against Immediate Preceding Quarter

The Group's revenue for the current quarter recorded as RM12.9 million as compared to RM13.7 million in the third quarter ended 30 September 2011. A loss before taxation of RM3.5 million is posted for the current quarter as compared to a loss before taxation of RM1.15 million in the preceding quarter. The higher loss reported in the current quarter as compared to the preceding quarter was mainly due to the impairment on goodwill of RM2.6 mil.

Prospects

The Malaysian economy grew by 5.1% in 2011. The global economy in 2011 was hugely impacted by the uncertainties arising from the European sovereign debt crisis. This is expected to continue into 2012. The packaging and printing business continue to be extremely competitive. The Directors expect 2012 to remain challenging and are actively exploring new revenue opportunities to mitigate the slower growth forecasted for 2012.

The Group posted a loss in the fourth quarter mainly attributable to the lower sales achieved and an impairment on the carrying value of goodwill by RM2.6 mil.

The Group continues to put effort into improving revenue opportunities and reducing costs. Despite difficult trading conditions the Group continues to selectively invest in equipment assets to improve efficiencies, minimize costs and the development of new market opportunities outside Malaysia.

Profit Forecast

This is not applicable.

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	Quarter ended 31/12/2011 RM'000	Quarter ended 31/12/2010 RM'000	Period ended 31/12/2011 RM'000	Period ended 31/12/2010 RM'000
Taxation for the quarter/period	79	60	79	60
Under/ (over) provision in prior year	159	(87)	159	(87)
Deferred Taxation for the quarter/period	176	(1,356)	176	(1,356)
	414	(1,383)	414	(1,383)

Status of Corporate Proposals Announced

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

Borrowing and Debt Securities**Borrowing and Debt Securities**

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

	31/12/2011 RM'000
<i>Secured</i>	
Borrowings	15,832
Term Loan	4,097
Hire Purchases Creditors	2,395
Bank Overdrafts	4,614
	26,938
<i>Unsecured</i>	
Borrowings	-
Bank Overdrafts	-
	-
Total Borrowings	26,938
Checking point	-

(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 31 December 2011 and 31 December 2010 are analyzed as follows:-

	As At End of Current Quarter 31/12/2011 RM'000	As At End of Current Quarter 31/12/2010 RM'000
Total accumulated losses of the Company & subsidiaries :-		
-Realised	(82,451)	(76,474)
-Unrealised	(2,493)	(2,195)
	<u>(84,944)</u>	<u>(78,669)</u>
Less: Consolidation adjustments	19,807	19,807
Total accumulated losses as per consolidated account	<u><u>(65,137)</u></u>	<u><u>(58,862)</u></u>

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 RM3,947,645.93 by the number of ordinary shares in issue during the period of 110,643,081.