

**VERSATILE CREATIVE BERHAD**

(Company No. : 603770-D)

**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FORTH QUARTER ENDED 31 DECEMBER 2012****CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

31st Dec 2012

	Individual Quarter		Cumulative Quarter	
	Quarter Ended 31.12.2012 RM '000	Quarter Ended 31.12.2011 RM '000	Period Ended 31.12.2012 RM '000	Period Ended 31.12.2011 RM '000
Revenue	16,380	12,936	60,756	54,786
Cost of Sales	(14,148)	(11,705)	(52,698)	(48,812)
Gross Profit	2,232	1,231	8,058	5,973
Other Income	3,756	235	4,734	436
Other Operating Expenses	(2,386)	(1,865)	(8,357)	(8,176)
Operating Results	3,602	(399)	4,435	(1,767)
Interest Income	6	(3)	24	13
Finance Costs	365	(497)	(1,127)	(2,028)
Non Operating Income	569	-	569	563
Non Operating Expenses	(2,500)	(2,634)	(2,500)	(2,634)
(Loss)/Profit Before Taxation	2,042	(3,533)	1,400	(5,854)
Taxation	742	(414)	742	(421)
(Loss)/Profit after taxation before minority interests	2,785	(3,948)	2,143	(6,274)
Minority interests	-	-	-	-
(Loss)/Profit for the period	2,785	(3,948)	2,143	(6,274)
(Losses)/Earnings per Share - Basic (sen)	2.52	(3.57)	1.94	(5.67)
Losses per Share - Diluted (sen)	NA	NA	NA	NA

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**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FORTH QUARTER ENDED 31 DECEMBER 2012****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(The figures have not been audited)

31st Dec 2012

	As at 31.12.2012 RM'000	As at 31.12.2011 RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	39,123	29,834
Intangible Asset	13,636	16,136
Prepaid Interest in Leased Land	-	1,399
Other Investments	19,343	17,636
	<u>72,102</u>	<u>65,006</u>
Current Assets		
Receivables, Deposits and Prepayments	19,203	14,130
Inventories	8,657	6,867
Current Tax Assets	29	86
Other Investment held for Sale	2,149	1,960
Cash and Cash Equivalents	1,654	1,709
	<u>31,691</u>	<u>24,752</u>
Total Assets	<u>103,794</u>	<u>89,758</u>

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**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
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(The figures have not been audited)

	31st Dec 2012	
	As at 31.12.2012 RM'000	As at 31.12.2011 RM'000
EQUITY AND LIABILITIES		
EQUITY		
Share Capital	110,643	110,643
Capital Redemption Reserve	3,000	3,000
Revaluation reserve	9,079	-
Accumulated Losses	(65,137)	(58,863)
Net Profit / (Loss) for the Year	2,143	(6,274)
Fair Value Reserves	1,831	124
Total Equity	61,558	48,630
LIABILITIES		
Non-Current Liabilities		
Loan and Borrowings	2,797	4,059
Deferred Taxation	3,701	2,485
	6,498	6,545
Current Liabilities		
Payables and Accruals	12,705	11,705
Loan and Borrowings	23,032	22,878
	35,737	34,583
Total Liabilities	42,235	41,128
Total Equity and Liabilities	103,794	89,758
Net Assets per share (RM)	0.56	0.44
	-	-

(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 FORTH QUARTER ENDED 31 DECEMBER 2012****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

(The figures have not been audited)

	Period Ended 31.12.2012 RM'000	Period Ended 31.12.2011 RM'000
CASHFLOW FROM OPERATING ACTIVITIES:		
Profit / (Loss) before taxation	1,400	(5,854)
<u>Adjustment for:</u>		
Allowance for doubtful debts	192	1
Recovery of doubtful debts	(3,763)	(3)
Amortisation of prepaid lease payments	27	27
Depreciation of property, plant and equipment	4,095	4,785
(Gain) / loss on disposal of property, plant and equipment	(239)	(90)
Impairment loss on goodwill	2,500	2,634
Impairment gain/(loss) on other investment	1,960	(63)
Interest income	(24)	(21)
Interest expense	1,127	1,610
Dividend received	(569)	(563)
	6,707	2,462
<u>Changes in working capital:</u>		
Inventories	(1,790)	2,123
Receivables, deposits and prepayments	(3,651)	108
Payables and accruals	1,002	914
Cash flow after working capital changes	2,269	5,607
Interest received	24	21
Interest paid	(308)	(308)
Tax refund	83	(2)
Tax paid	(119)	(46)
Net operating cash flows	1,949	5,272
<u>CASHFLOW FROM INVESTING ACTIVITIES:</u>		
Acquisition of property, plant and equipment	(744)	(1,116)
Fixed deposit pledged to a licensed bank	(21)	(18)
Proceeds from disposal of property, plant and equipment	415	105
Divident received	569	563
	219	(466)

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**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
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(The figures have not been audited)

	Period Ended 31.12.2012 RM'000	Period Ended 31.12.2011 RM'000
CASHFLOW FROM FINANCING ACTIVITIES:		
(Repayment) from loans and borrowings	(335)	(4,266)
(Repayment)/ proceeds from hire purchase liabilities	(867)	1,173
Interest received (FA)	(819)	(1,302)
Net financing cash flows	(2,020)	(4,394)
NET CHANGE IN CASH & CASH EQUIVALENTS	147	413
CASH & CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	(3,580)	(3,993)
CASH & CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	(3,433)	(3,580)

Analysis of Cash & Cash Equivalents:

	RM	RM
Cash and bank balances	959	1,034
Fixed Deposit	695	675
Less: Fixed deposit pledged to a licensed bank	(695)	(675)
Bank overdraft	(4,391)	(4,614)
	(3,433)	(3,580)

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 December 2011)



**UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FORTH QUARTER ENDED 31 DECEMBER 2012**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(The figures have not been audited)

	Non-Distributable					
	Share Capital RM '000	Capital Redemption Reserve RM '000	Revaluation Reserve RM '000	Fair value Adjustment Reserve RM '000	Accumulated Losses RM '000	Total Equity RM '000
At 01st January 2011	110,643	3,000	-	(445)	(58,863)	54,335
Total comprehensive income for the period	-	-	-	569	(6,274)	(5,705)
At 31st December 2011	110,643	3,000	-	124	(65,137)	48,630
At 01st January 2012	110,643	3,000	-	124	(65,137)	48,630
Total comprehensive income for the period	-	-	9,079	1,707	2,143	12,928
At 31st December 2012	110,643	3,000	9,079	1,831	(62,994)	61,558



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UNAUDITED QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FORTH QUARTER ENDED 31 DECEMBER 2012

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 2011, except for Adoption of New and Revised FRSS, IC Interpretations and Amendments with the effect from 1 January 2011.

On 1 January 2011, the Group adopted the following new and Revised FRSS, Amendments/Improvements to FRSS, New IC Interpretations (“IC Int”), Amendments to IC Int and New Malaysian Accounting Standards Board (“MASB”) Approved Accounting Standards, Malaysian Financial Reporting Standards (“MFRSS”)

- (a) Adoption of Revised FRSS, Amendments/Improvements to FRSS, New IC Int and Amendments to IC Ints:-

Revised FRSS

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 127	Consolidated and Separate Financial Statements

Amendments/Improvements to FRSS

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 7	Financial Instruments : Disclosures
FRS 101	Presentation of Financial Statements
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments : Presentation
FRS 134	Interim Financial Reporting
FRS 138	Intangible Assets
FRS 139	Financial Instruments : Recognition and Measurement



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New IC Int

IC Int 4	Determining Whether an Arrangement contains a Lease
IC Int 12	Service Concession Arrangements
IC Int 16	Hedges of a Net Investment in a Foreign Operation
IC Int 17	Distribution of Non-cash Assets to Owners
IC Int 18	Transfers of Assets from Customers

Amendments to IC Int

IC Int 9	Reassessment of Embedded Derivatives
IC Int 13	Customer Loyalty Programmes

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.

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 were revalued at the end of the financial year ended 31 December, 2012 based on a valuation report prepared by an independent third party valuer. The revaluation gave rise to a gross revaluation surplus of RM11,128,000 which translate to an increase in Net Tangible Asset of the Group by RM0.10 per share.



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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 FORTH QUARTER ENDED 31 DECEMBER 2012****Segment Information**

Segmental information for the financial period ended

31st Dec 2012

Business Segments	Paper products Q4 2012 RM'000	Plastic products Q4 2012 RM'000	Colour Separation & Printing Q4 2012 RM'000	Others Q4 2012 RM'000	Elimination Q4 2012 RM'000	Consolidated Q4 2012 RM'000
Revenue from external customers	25,475	26,508	8,774	-	-	60,756
Inter-segment revenue			20	634	(654)	-
Total revenue	<u>25,475</u>	<u>26,508</u>	<u>8,794</u>	<u>634</u>	<u>(654)</u>	<u>60,756</u>
Operating results	<u>916</u>	<u>407</u>	<u>3,560</u>	<u>(495)</u>	<u>47</u>	4,435
Interest income						24
Finance costs						(1,127)
Add: Non-Operating Income						569
Less: Non-Operating Expenses						(2,500)
Net profit for the period						<u>1,400</u>
Taxation						<u>742</u>
Profit after taxation						<u><u>2,143</u></u>

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Segmental information for the financial period ended	31st Dec 2011					
	Paper products Q4 2011 RM'000	Plastic products Q4 2011 RM'000	Colour Separation & Printing Q4 2011 RM'000	Others Q4 2011 RM'000	Elimination Q4 2011 RM'000	Consolidated Q4 2011 RM'000
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>54,784</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)
Loss before taxation						<u>(5,853)</u>
Taxation						(421)
Loss after taxation						<u>(6,274)</u>

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Profit / (Loss) Before Tax

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

	Quarter ended		12 months cumulative to date	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Dividend received	(569)	(563)	(569)	(563)
(Gain) / loss on disposal of property, plant and equipment	(33)	(5)	(239)	(90)
Net fair value (gain) / loss on other investments	-	(190)	(190)	(63)
Interest income	(6)	(6)	(24)	(21)
Amortisation of prepaid lease payments	7	7	27	27
Depreciation of property, plant and equipment	1,029	1,152	4,095	4,785
Impairment (gain) / loss on trade and other receivables	192	(376)	191	1
Impairment loss on goodwill	2,500	2,634	2,500	2,634
Interest expense	(39)	290	1,127	1,610

Changes in Contingent Liabilities

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

Inventories

Allowance for slow-moving stocks RM24,503.20 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.



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Capital Commitments

At the date of this report, the capital commitments of the Group are as follow: -

	31.12.2012
	RM'000
Property, plant and equipment – Approved but not contracted for	<u>12,328</u>

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 fourth quarter ended 31 December, 2012, the Group recorded total revenue of RM16.4 million compared to RM12.9 million in the corresponding quarter in the year 2011, an increase of 27%. The Group posted a profit before taxation of RM2.0 million versus a loss before taxation of RM3.5 million in the same period in the year 2011.

For the full year ended 31 December, 2012, the Group recorded total revenue of RM60.8 million compared to RM54.8 million in the previous year, an increase of 11%. The Group posted a profit before taxation of RM1.4 million compared to loss before taxation of RM5.9 million in 2011 attributable to higher sales and the write backs of certain provisions no longer required.

Variation of Results against Immediate Preceding Quarter (Q4 2012 vs Q3 2012)

The Group recorded total revenue of RM16.4 million in the fourth quarter as compared to RM16.6 million in the preceding quarter.

The Group recorded a profit before taxation of RM2.0 million for the current quarter compared to a loss before taxation of RM0.5 million in the preceding quarter. The improved profit performance was mainly due to the write backs of certain provisions no longer required.

Prospects

The uncertainties arising from the European sovereign debt crisis continued into 2012. While the global economic environment remained challenging, the Malaysian economy grew by 6.4% in Q4 2012 as compared to 5.3% in Q3 2012, driven by the manufacturing and construction sectors (full year 2012 – 5.6%, 2011 – 5.2%). The Group's improvement in performance for the year has mirrored that of the economy. While the current year's performance has registered significant improvements compared to the preceding year, the Group is mindful of the challenges it faces in the coming year. The Group will continue to maintain its efforts to identify new market opportunities and to identify areas to improve efficiency and reduce costs.

Profit Forecast

This is not applicable.

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	Quarter ended 31/12/2012 RM'000	Quarter ended 31/12/2011 RM'000	Period ended 31/12/2012 RM'000	Period ended 31/12/2011 RM'000
Taxation for the quarter/period	99	79	99	79
Under/ (over) provision in prior year	(9)	6	(9)	6
Deferred Taxation for the quarter/period	(833)	335	(833)	335
	<u>(742)</u>	<u>421</u>	<u>(742)</u>	<u>421</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 :-

	31.12.2012 RM'000
<i>Secured</i>	
Borrowings	16,889
Term Loan	2,731
Hire Purchases Creditors	1,818
Bank Overdrafts	4,391
	25,829
Total Borrowings	25,829

(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 2012 and 31 December 2011 are analyzed as follows:-

	As At End of Current Quarter 31.12.2012 RM'000	As At End of Preceding year end 31.12.2011 RM'000
Total accumulated losses of the Company & subsidiaries :-		
-Realised	(76,244)	(79,592)
-Unrealised	<u>(3,701)</u>	<u>(2,493)</u>
	(79,945)	(82,085)
Less: Consolidation adjustments	<u>16,951</u>	<u>16,948</u>
Total accumulated losses as per consolidated account	<u><u>(62,994)</u></u>	<u><u>(65,137)</u></u>

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 RM2,142,744.50 by the number of ordinary shares in issue during the period of 110,643,081.