

STS TECNIC BERHAD

(Company no: 302675-A)

**Condensed Consolidated Income Statements for the quarter ended 31 December 2002
(The figures have not been audited)**

	Individual Quarter		Cumulative Quarter	
	Current year Quarter 31/12/02 RM '000	Preceding year corresponding quarter 31/12/01 RM '000	Current year to date 31/12/02 RM '000	Preceding year corresponding period 31/12/01 RM '000
Revenue	17,682	17,789	60,769	65,289
Cost of sales	(13,233)	(13,405)	(48,244)	(50,232)
Gross profit	4,449	4,384	12,525	15,057
Other operating income	(73)	187	648	248
Operating expenses	(2,974)	(2,953)	(11,717)	(11,685)
Profit from operations	1,402	1,618	1,456	3,620
Finance costs	(662)	(769)	(2,830)	(3,232)
Profit/(loss) before taxation	740	849	(1,374)	388
Taxation	(16)	(272)	(159)	(272)
(Loss)/profit after taxation	724	577	(1,533)	116
Minority interest	11	4	(14)	2
Net (loss)/profit for the period	735	581	(1,547)	118
(Loss)/Earnings per share (sen):-				
Basic	3.5	2.9	(7.4)	0.6
Diluted	N/A	N/A	N/A	N/A

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2001)

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Condensed Consolidated Balance Sheets

	Unaudited as at 31.12.2002 RM'000	Audited as at 31.12.2001 RM'000
Property, plant and equipment	49,548	48,368
Long term investments	208	208
Current Assets		
Investment in unquoted corporation	-	439
Inventories	12,667	13,641
Trade and other receivables	24,833	26,693
Tax recoverable	180	180
Cash and bank balances	499	354
	<u>38,179</u>	<u>41,307</u>
Current Liabilities		
Trade and other payables	12,123	12,351
Short term borrowings	37,843	39,348
Provision for taxation	-	53
	<u>49,966</u>	<u>51,752</u>
Net Current Liabilities	<u>(11,787)</u>	<u>(10,445)</u>
	<u>37,969</u>	<u>38,131</u>
Shareholders' fund		
Share capital	21,890	19,900
Reserves	9,132	10,629
	<u>31,022</u>	<u>30,529</u>
Minority interest	102	88
Long term borrowings	5,815	6,484
Deferred taxation	1,030	1,030
	<u>37,969</u>	<u>38,131</u>
Net tangible assets per share (RM)	1.42	1.53

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31 December 2001)

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(Company no: 302675-A)

Condensed Consolidated Cash Flow Statements for the quarter ended 31 December 2002

	2002 12 months ended 31 Dec RM'000	2001 12 months ended 31 Dec RM'000
Loss before taxation	(1,547)	118
Adjustments for:-		
Depreciation	7,543	7,877
Interest expense	2,830	3,265
Minority interest	16	(2)
(Gain)/Loss on disposal of property, plant and equipment	(215)	130
Non-cash items	403	472
	<u>10,577</u>	<u>11,742</u>
Profit before working capital changes	9,030	11,860
Changes in working capital		
Inventories	973	1,562
Debtors	1,860	(2,788)
Creditors	(2,017)	(1,723)
	<u>816</u>	<u>(2,949)</u>
Cash flows generated from operating activities	9,846	8,911
Tax paid	(233)	(151)
Interest paid	(2,830)	(3,265)
Net cash generated from operating activities	6,783	5,495
Investing activities		
Proceeds from disposal of property, plant and equipment	1,059	1,150
Purchase of property, plant and equipment	(6,793)	(5,445)
Interest received	6	-
Corporate exercise expenses paid	(129)	-
Net cash used in investing activities	(5,857)	(4,295)
Financing activities		
Receipts of term loans	1,500	728
Repayment of term loans	(3,449)	(3,821)
Repayment of hire purchase creditors	(1,400)	(1,418)
Proceeds from disposal of investment	500	-
Proceeds from issue of shares	2,169	-
Net cash used in financing activities	(680)	(4,511)
Net change in cash and cash equivalents	246	(3,311)
Cash and cash equivalents at beginning of financial year	(11,482)	(8,171)
Cash and cash equivalents at end of the financial year	<u>(11,236)</u>	<u>(11,482)</u>

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2001)

STS TECNIC BERHAD

(Company no: 302675-A)

Condensed Consolidated Statements of Changes in Equity for the quarter ended 31 December 2002

	Share capital RM'000	Share premium RM'000	Revaluation reserves RM'000	Merger reserve RM'000	Retained profits RM'000	Total RM'000
Balance as at 1 January 2002	19,900	4,889	2,815	(6,369)	9,294	30,529
Private Placement issue	1,990	179	-	-	-	2,169
Corporate exercise expenses	-	(129)	-	-	-	(129)
Loss for the year	-	-	-	-	(1,547)	(1,547)
Balance as at 31 December 2002	21,890	4,939	2,815	(6,369)	7,747	31,022
Balance as at 1 January 2001	19,900	4,889	2,815	(6,369)	9,176	30,411
Net profit for the year	-	-	-	-	118	118
Balance as at 31 December 2001	19,900	4,889	2,815	(6,369)	9,294	30,529

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2001)

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(Company no. 302675-A)

Notes to the interim financial reports

1. Accounting policies

The interim financial report has been prepared in compliance with MASB 26, Interim Financial Report and Charter 9 part K of the KLSE Listing Requirements. The same accounting policies and methods of computation are followed in the interim financial statements as compared with the annual financial statements for the year ended 31 December 2001.

2. Declaration of audit qualification

The annual audit report of the financial statements for the year ended 31 December 2001 was not qualified.

3. Seasonal or cyclical factors

The business operations of the Group are not materially affected by any seasonal and cyclical factors.

4. Nature and amount of unusual items

There were no unusual items for the current interim period.

5. Nature and amount of changes in estimates

There were no significant changes in estimates of amounts which have a material effect in the current interim period.

6. Debt and equity securities

There were no issuances, cancellation, repurchases, resale and repayments of debts and equity securities during the current interim period.

7. Dividend

There were no dividends paid during the current interim period.

8. Segmental information

	Financial Year to date					
	Plasticwares	Moulds	Chemicals	Others	Elimination	Consolidation
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External Sales	40,304	12,562	7,903	-	-	60,769
Internal Sales	-	1,665	-	-	(1,665)	-
Total Revenue	40,304	14,227	7,903	-	(1,665)	60,769
Segment result	1,744	(191)	388	(485)	-	1,456
Financing cost	(2,455)	(337)	(38)	-	-	(2,830)
(Loss) / Profit before tax	(711)	(528)	350	(485)	-	(1,374)
Other Information						
Segment Assets	64,352	16,394	7,695	213	(899)	87,755
Tax recoverable	155	25	-	-	-	180
Total assets						87,935
Segment Liabilities	8,006	2,189	1,413	584	(69)	12,123
Borrowings	37,140	6,031	487	-	-	43,658
Income tax liabilities	-	900	130	-	-	1,030
Total liabilities						56,811

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Notes to the interim financial reports (cont'd)

9. Valuation of property, plant and equipment

The valuation of property, plant and equipment have been brought forward and without amendment from the previous annual financial statements.

10. Subsequent events

There were no material events subsequent to 31 December 2002 at the date of this quarterly report.

11. Changes in the composition of the Group

There were no changes in the composition of the Group for the current interim period.

12. Changes in contingent liabilities

There were no contingent liabilities for the Group for the current financial year to date.

13. Review of performance

The Group recorded a revenue of RM60.77 million and a loss before income tax of RM1.37 million in the current year as compared with revenue of RM65.29 million and RM0.39 million profit before income tax in preceding year.

The declined performance was mainly due to decrease in revenue of 6.9% for the current year compared with the preceding year. The decline in revenue was mainly due to lesser orders by customers as compared with preceding year.

14. Quarterly results comparison

The Group recorded a revenue of RM17.68 million and a profit before income tax of RM0.74 million for the current quarter as compared with revenue of RM15.82 million and RM0.47 million loss recorded in the immediate preceding quarter. The profit before tax was mainly due to increase in revenue of 11.8%.

15. Prospects for the current year

Baring unforeseen circumstances, the Board expects the Group to perform satisfactorily in year 2003.

16. Variance of actual profit from the profit forecast and profit guarantee

Not applicable as no profit forecast was published.

17. Taxation

	Current Quarter RM'000	Current year-to-date RM'000
Income Tax	(33)	88
Deferred Tax	-	-
	-----	-----
	(33)	88
Under provision in prior year	49	71
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	16	159
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The disproportionate tax charged for the current year was mainly due to the unavailability of group relief for unabsorbed tax losses of certain subsidiaries in the Group

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Notes to the interim financial reports (cont'd)

18. Profit/(loss) on sale of unquoted investments and/or properties

Current Quarter	Current year-to-date
RM'000	RM'000
(205)	87

19. Purchase or disposal of unquoted securities

There were no purchase or disposal of unquoted securities for the current quarter and financial year-to-date.

20. Status of corporate proposals

On 6 November 2000, on behalf of the Board of Directors of STS, Commerce International Merchant Bankers Berhad announced, amongst others, that the Company proposed to implement a rights issue of up to 21,890,000 new STS Shares on the basis of 1 new STS Share for every 1 existing STS Share.

The submission which includes, inter-alia, the Proposed Rights Issue was made to the Securities Commission on 22 December 2000. Subsequently, on 23 November 2001 the Board announced that, in view of the prevailing volatile market conditions, the Board of Directors has decided to defer the Proposed Rights Issue until such time they deemed appropriate.

Save as disclosed above, there were no other corporate proposals announced and have not completed as at the date of this quarterly report.

21. Group borrowings

Total Group borrowings as at 31 December 2002: -

	RM'000
Short-term – secured	31,118
– unsecured	6,725
Long-term – secured	5,815

	43,658
	=====

There were no borrowings in foreign currency.

22. Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk as at the date of this quarterly report.

23. Changes in material litigation

There were no material litigations as at the date of this quarterly report.

24. Dividend

The Board has not recommended any dividend for the current financial quarter.

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Notes to the interim financial reports (cont'd)**25. Earning per shares**

	Individual Quarter		Cumulative Quarter	
	Current year Quarter 31.12.2002	Preceding year corresponding quarter 31.12.2001	Current year to date 31.12.2002	Preceding year corresponding period 31.12.2001
Profit/(loss) for the period (RM'000)	735	581	(1,547)	118
Weighted average number of shares				
Issued ordinary shares at the beginning of the period	19,900,000	19,900,000	19,900,000	19,900,000
Effect of private placement shares	995,000	-	995,000	-
Weighted average no. of ordinary shares	20,895,000	19,900,000	20,895,000	19,900,000
a) Basic (loss)/earnings per share (sen)	3.5	2.9	(7.4)	0.6
b) Diluted earnings per share (sen)	n/a	n/a	n/a	n/a

By Order of the Board

Ho Meng Chan
Chan Sow Leng
Company Secretaries

Petaling Jaya

27 February 2003