

SEE HUP CONSOLIDATED BERHAD
(Company no. 391077-V)
(Incorporated in Malaysia)
(and its subsidiaries)

NOTES TO INTERIM FINANCIAL REPORT - 30 SEPTEMBER 2010

1 Basis of preparation

The interim financial report is unaudited and has been prepared in compliance with FRS 134, "Interim Financial Reporting" and the additional disclosure requirements as set out in Part A of Appendix 9B of the Revised Listing Requirements.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the year ended 31 March 2010 except for the adoption of the following Financial Reporting Standards ("FRS"), amendments to FRSs and IC Interpretations:

| Standard/Interpretation | Effective for financial periods beginning on or after |
|--|---|
| Amendments to FRS 1 <i>First-time Adoption of Financial Reporting Standards</i> and FRS 127 <i>Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i> | 1 January 2010 |
| Amendments to FRS 2 <i>Share-based Payment: Vesting Conditions and Cancellations</i> | 1 January 2010 |
| Amendments to FRS 132 <i>Financial Instruments: Presentation</i> | 1 January 2010/ 1 March 2010 |
| Amendments to FRS 139 <i>Financial Instruments: Recognition and Measurement</i> , FRS 7 <i>Financial Instruments: Disclosures</i> and IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i> | 1 January 2010 |
| Amendments to FRS 139 <i>Financial Instruments: Recognition and Measurement</i> | 1 January 2010 |
| Amendments to FRSs contained in the document entitled " <i>Improvements to FRSs (2009)</i> " | 1 January 2010 |
| FRS 4 <i>Insurance Contracts</i> | 1 January 2010 |
| FRS 7 <i>Financial Instruments: Disclosures</i> | 1 January 2010 |
| FRS 101 <i>Presentation of Financial Statements</i> (revised in 2009) | 1 January 2010 |
| FRS 123 <i>Borrowing Costs</i> | 1 January 2010 |
| FRS 139 <i>Financial Instruments: Recognition and Measurement</i> | 1 January 2010 |
| IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i> | 1 January 2010 |
| IC Interpretation 10 <i>Interim Financial Reporting and Impairment</i> | 1 January 2010 |
| IC Interpretation 11 <i>FRS 2 - Group and Treasury Share Transactions</i> | 1 January 2010 |
| IC Interpretation 13 <i>Customer Loyalty Programmes</i> | 1 January 2010 |
| IC Interpretation 14 <i>FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i> | 1 January 2010 |

The above FRSs, amendments to FRSs and IC Interpretations are not expected to have any material impact on the financial statements of the Group except for the followings:

Amendment to FRS 117 Leases

The Group has reassessed and reclassified the leasehold lands which are in substance finance leases to property, plant and equipment. The reclassification has been accounted for retrospectively and certain comparative figures as at 31 March 2010 have been restated as shown in Table 1 below.

FRS 139 Financial Instruments: Recognition and Measurement

The adoption of FRS 139 has resulted in the prospective adjustment of the following opening balances in the statements of financial position as at 1 January 2010 due to the recognition of available-for-sale as shown in Table 1 below.

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Table 1

| | 3/31/2010 Previously Stated RM'000 | Effect of Adopting Amendment to FRS 117 RM'000 | Effect of Adopting FRS 139 RM'000 | 01/04/2010 As Adjusted RM'000 |
|-------------------------------|---|---|--|-------------------------------------|
| Property, plant and equipment | 57,317 | 2,137 | - | 59,454 |
| Prepaid lease payments | 2,137 | (2,137) | - | - |
| Other financial assets | 189 | - | (1) | 188 |
| Fair value reserves | - | - | (1) | (1) |

2 Qualification of audit report of the preceding annual financial statements

There were no qualifications on the audit report of the financial statements for the year ended 31 March 2010.

3 Seasonal or cyclical factors

The Group's performance in the current quarter and current year to date was not affected by any seasonal or cyclical factors.

4 Unusual items

There were no unusual items affecting assets, liabilities, equity, net income, or cash flow during the quarter and current year to date.

5 Changes in estimates

There were no material changes in the estimates used for the preparation of this interim financial report.

6 Debts and equity securities

There were no issuance, cancellations, repurchase, resale and repayments of debt and equity securities for the current year to date.

7 Dividend paid

No dividend was paid during the current quarter ended 30 September 2010.

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8 Segmental information

Segment information is presented in respect of the Group's business segment.

| Analysis by activity | Transportation and logistics services RM'000 | Trading RM'000 | Others RM'000 | Total RM'000 |
|-------------------------------|---|-------------------|------------------|-----------------|
| <u>Revenue</u> | | | | |
| Total revenue | 42,079 | 18,968 | 299 | 61,346 |
| Inter-segment revenue | - | - | - | - |
| | <u>42,079</u> | <u>18,968</u> | <u>299</u> | <u>61,346</u> |
| <u>Result</u> | | | | |
| Segment result | 1,096 | 553 | 150 | 1,799 |
| Interest income | 32 | - | - | 32 |
| Finance costs | (853) | (148) | | (1,001) |
| Share of profit of associates | 318 | - | - | 318 |
| Profit before taxation | <u>593</u> | <u>405</u> | <u>150</u> | <u>1,148</u> |
| Tax expense | (120) | (101) | - | (221) |
| Profit for the period | <u>473</u> | <u>304</u> | <u>150</u> | <u>927</u> |
| <u>Assets</u> | | | | |
| Segment assets | 111,507 | 14,660 | 1,086 | 127,253 |
| Interest-earning assets | 161 | - | - | 161 |
| | <u>111,668</u> | <u>14,660</u> | <u>1,086</u> | <u>127,414</u> |

9 Property, plant and equipment

The property, plant and equipment are stated at cost/valuation less accumulated depreciation and accumulated impairment losses, if any.

There were no material write-down in property, plant and equipment during the quarter under review.

The valuation of property, plant and equipment has been brought forward without any amendments from the previous annual financial statements.

10 Events subsequent to balance sheet date

There were no material events subsequent to balance sheet date.

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11 Changes in composition of the Group

There were no changes in the composition of the Group during the quarter under review.

12 Changes in contingent liabilities/contingent assets

There were no contingent liabilities/assets during the quarter under review.

13 Capital commitments

| | |
|---------------------------------|------------------------------|
| | As at 30-Sep-10 RM'000 |
| Contracted but not provided for | <u>10,989</u> |

14 Review of performance of current quarter and current year to date

The higher Group's revenue of RM61.3 million in the current year to date over last preceding year to date of RM49.4 million was led by the substantial increase in trading activities, accounting for RM19.0 million of Group's revenue against RM3.7 million previously. Profit before tax has also increased favourably to RM1,148,000 compared to RM338,000 in the preceding corresponding period attributable to lower financing costs and higher contribution from associates companies.

15 Results against preceding quarter

The Group's revenue in the current quarter was higher at RM32.3 million compared to preceding quarter's reported revenue of RM29.0 million. The increase was contributed mainly by the increase in trading activity which grew to RM11.6 million in the current quarter against RM7.4 million in the preceding quarter. However, operating profit in this reporting quarter is lower at RM770,000 compared to RM1,061,000 in the preceding quarter due to expenses incurred for annual corporate reporting purposes and scheduled maintenance costs of trucks in the haulage division. Overall, profit before tax was also lower at RM368,000 compared to RM780,000 in the preceding quarter due to increase in financing costs as drawdown of borrowings for acquisition of operating assets and lower contribution by the Group's associates.

16 Prospects for the remaining quarters

Barring any unforeseen circumstances, the overall financial performance of the Group is expected to be satisfactory taking into consideration of the current economic environment.

17 Profit forecast

Not applicable as no profit forecast was published.

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18 Tax expense

| | Current Year Quarter 30-Sep-10 RM'000 | Preceding Year Corresponding Quarter 30-Sep-09 RM'000 | Current Year To date 30-Sep-10 RM'000 | Preceding Year To date 30-Sep-09 RM'000 |
|---------------------|--|--|--|---|
| Current tax expense | | | | |
| - Current period | 173 | 35 | 256 | 327 |
| - Prior years | - | - | 4 | - |
| | 173 | 35 | 260 | 327 |
| Deferred taxation | | | | |
| - Current period | (39) | - | (39) | - |
| - Prior years | - | - | - | - |
| | (39) | - | (39) | - |
| | 134 | 35 | 221 | 327 |

The effective tax rate is lower than the statutory tax rate due to the utilisation of the tax losses of certain subsidiaries.

19 Unquoted investments and properties

| | Current Year Quarter RM'000 | Current Year To date RM'000 |
|-----------------------------------|-----------------------------------|-----------------------------------|
| Loss from sale of property | - | 45 |

There were no disposal of unquoted investment during the financial period under review.

20 Quoted investments

| | As at 30-Sep-10 RM'000 |
|------------------------------------|------------------------------|
| Total investment at cost | 21 |
| Total investment at carrying value | 20 |
| Total investment at market value | 20 |

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21 Status of corporate proposals announced

There were no corporate proposals announced but not completed as at 23 November 2010 (the latest practicable date which is not earlier than 7 days from the date of this quarterly report).

22 Group borrowings and debts securities

| | 30-Sep-10 RM'000 |
|-------------|---------------------|
| Current | |
| - Secured | 2,208 |
| - Unsecured | 33,547 |
| | 35,755 |
| Non-current | |
| - Secured | 2,983 |
| - Unsecured | 3,704 |
| | 6,687 |

The above borrowings are denominated in Ringgit Malaysia.

23 Off balance sheet financial instruments

The Group did not have financial instruments with off balance sheet risk as at 23 November 2010 (the latest practicable date which is not earlier than 7 days from the date of this quarterly report).

24 Changes in material litigation

The Group was not engaged in any material litigation as at 23 November 2010 (the latest practicable date which is not earlier than 7 days from the date of this quarterly report).

25 Earnings per share

The earnings per share are calculated by dividing the profit or loss attributable to ordinary equity holders of the parent by the weighted average numbers of shares in issue during the period as follows:

| | Weighted Average No. of Shares | |
|--|--|--|
| | Current Year Quarter 30-Sep-10 '000 | Current Year To date 30-Sep-10 '000 |
| For computing basic earnings per share | 40,128 | 40,128 |
| No. of shares under ESOS deemed to have been issued for no consideration | - | - |
| For computing diluted earnings per share | 40,128 | 40,128 |

BY ORDER OF THE BOARD

Lam Voon Kean
Company Secretary

Dated this 29th day of November, 2010.