

A. Notes to the Interim Financial Report

A1. **Basis of preparation**

The interim financial report has been prepared in accordance with FRS 134: Interim Financial Reporting and Chapter 9 of the Listing Requirements of Bursa Malaysia Securities Berhad.

This interim financial report should be read in conjunction with the audited financial statements for the year ended 31 December 2007. These explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2007.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2007 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") applicable to the Group, effective for financial period beginning 1 January 2006 :

FRS 3	Business Combinations
FRS 5	Non current assets held for sale
FRS 101	Presentation of Financial Statements
FRS 116	Property, Plant and Equipment
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets

The adoption of the above FRSs do not have significant financial impact on the Group, except as presented below :-

(a) **FRS 3 : Business Combination : FRS 136 : Impairment of Assets and FRS 138 : Intangible Assets**

The new FRS 3 has resulted in consequential amendments to two other accounting standards, i.e. FRS 136 and FRS 138.

The adoption of these new FRSs has resulted in the Group ceasing annual goodwill amortization. Goodwill is carried at cost less accumulated impairment losses and is now tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Any impairment loss is recognized in profit or loss and subsequent reversal is not allowed. Prior to 1 January 2006, goodwill was amortized on a straight-line basis over a period of 25 years. This change in accounting policy has been accounted for prospectively for business combinations where the agreement date is on or after 1 January 2006.

(b) **FRS 101 : Presentation of Financial Statements**

The adoption of the revised FRS 101 has affected the presentation of consolidated balance sheet, consolidated income statement as well as the consolidated statement of changes in equity. Among other things, minority interests are now presented within total equity in the consolidated balance sheet and are presented as an allocation of the total profit or loss for the period in the consolidated income statement.

FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognized income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interest.

The presentation of the current financial period of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the new presentation.

A2. Qualified audit report

The audit report of the Group's annual financial statement for the year ended 31 December 2007 was not subject to any qualification.

A3. Seasonal or cyclical factors

The performance of the Group is not affected by any seasonal or cyclical factors.

A4. Unusual items

There was no unusual item affecting asset, liability, equity, net income or cash flows for the quarter.

A5. Change in Estimate

Not applicable

A6. Debts and equity securities

There were no issuances and repayments of debts and equity securities for the quarter under review.

Details of share buy-back during the quarter under review are as follows:-

Month	No. of shares (('000))	Lowest Price (RM)	Highest Price (RM)	Average Price (RM)	Total Paid (RM '000)
Bal b/f	15,904.5				9,611.0
Aug 2008	117.4	0.51	0.55	0.53	62.1
Sept 2009	602.0	0.50	0.56	0.53	321.3
	16,623.9				9,994.4

As at the end of the current quarter, the company has bought back a total of 16,623,900 shares. The shares were all held as treasury shares.

A7. Dividends

An interim dividend of 8% or 4 sen per share less 26% income tax was paid on 29 September 2008.

A8. Segment information

No geographical segment has been presented as the Group operates principally in the automotive component manufacturing industry and income derived is mainly in Malaysia.

A9. Valuation of property, plant and equipment

The valuation of property, plant and equipment net of the impact of deferred tax has been brought forward from the previous annual financial statements.

A10. Subsequent event

There was no material event subsequent to the end of the quarter under review.

A11. Changes in the Composition of the Group

There was no change to the composition of the Group during the quarter under review.

A12. Contingent liabilities

There was no material contingent liability for the quarter under review.

A13. Capital commitments

The amount of capital commitments contracted but not provided for in respect of property, plant and equipment as at 30 Sept 2008 is RM0.4m.

B. Notes to KLSE's Listing Requirements

B1. Review of Performance (current quarter)

	Current Quarter	Preceding Quarter
	RM (' 000)	RM (' 000)
Turnover	46,345	45,032
Profit before tax	11,690	9,814
Profit after tax	8,009	7,481

Turnover for the quarter under review improved 3% compared to the previous quarter. This is in line with sales of motor vehicles which also increased 3%. Profit before tax however improved 8% compared to the previous quarter. The increased profit was mainly due to better performance from the safety restraint divisions and a higher contribution from the associate company.

B2. Review of Performance

Year to-date turnover was 49% higher than the previous year's while PBT improved by 99%. The higher sales of motor vehicles, in particular the new Saga and Persona models contributed to the higher sales. Higher earnings from economies of scale and the substantially higher contribution from the associate company were the main reasons for the much better performance.

B3. Current Year Prospects

Despite the prevailing bleak economic situation worldwide, the Malaysian Automotive Association (MAA) is still expecting motor vehicle sales to exceed the forecast of 510,000 units for the year as total industry volume (TIV) up to the quarter under review is 430k units. The higher sales are mainly the result of the good response to both the Proton and Perodua marques. Given this scenario and the good results of the Group to-date, the performance of the Group is expected to be good for the rest of the year, barring any unforeseen circumstances.

B4. Profit Forecast

Not applicable.

B5. Taxation

	Current Quarter	Year-To-Date
	30/09/2008	30/09/2008
	(RM '000)	(RM ' 000)
Income tax expenses		
- current year provision	2294	6127
- under provision in prior years	754	754
Deferred taxation		
- transferred from deferred taxation	-	-
Tax expense on share of profit of an associate	633	1180
Total	3681	8061

B6. Unquoted Investments & Properties

There was no sale of unquoted investments during the current quarter and financial year to-date.

B7. Quoted Investments

There was no sale or purchase of quoted securities during the current quarter and financial year to-date. Other than the treasury shares under Note A6, as at the end of the current quarter, the Group did not hold any investments in quoted shares.

B8. Status of Corporate Proposals

There was no outstanding corporate proposal during the quarter under review.

B9. Group Borrowings

The Group does not have any borrowings during the quarter under review.

B10. Off Balance Sheet Financial Investments

There was no off balance sheet financial investments for the quarter under review.

B11. Material Litigation

Save as disclosed below, HHB and its subsidiaries are not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Directors of HHB do not have any knowledge of any proceedings, pending or threatened, against the Company and/or its subsidiaries or of any facts likely to give rise to any proceedings which may materially or adversely affect the financial position or business of the Company and/or its subsidiaries :

The Company received a notice on 7 September 1999 from the State of Selangor for the acquisition of the land owned by the Company held under CT 18105, Lot No. 7394, Mukim of Klang, District of Ulu Langat, Selangor (the "Land"). A hearing for the award of compensation was held on 7 December 1999. On 22 March 2000, the State of Selangor offered the Company RM3,885,000 as an award of compensation for the Land. The Company disagreed with the award and on 29 May 2000, the Company (through its solicitors) filed an appeal against the compensation award to Pejabat Tanah Dan Galian Selangor and this appeal was referred to the High Court of Shah Alam under No. MT3-15-159-2003. The matter was fixed for numerous mention dates for the parties to reach a settlement. On 19 July 2004, Kamar Penasihat Undang-Undang Negeri Selangor forwarded a settlement proposal whereby the State of Selangor proposed to increase the compensation award by 10% on top of the RM3,885,000 i.e. RM388,500 whereas the Company counter proposed a settlement sum of RM2,175,500 on top of the RM3,885,000. On 7 January 2004, Kamar Penasihat Undang-Undang Negeri Selangor informed the Company that the counter proposal was too high and not acceptable. The parties met on 7 April 2005 but was unsuccessful in reaching a settlement. The hearing was initially fixed on 14 December 2005 but has since been postponed to 18 June 2009.

B12. Dividends

Current Quarter ended 30/09/08 (RM'000)	Cumulative Year-To-Date 30/09/08 (RM'000)
4788.6	4788.6

B13. Earnings Per Share

	Current Quarter		Cumulative Quarter	
	30/09/2008	30/09/2007	30/09/2008	30/09/2007
Weighted average number of ordinary shares in issue ('000)	162,592	162,425	162,592	162,425
Basic earnings per share (sen)	2.9	1.2	7.2	2.5
Diluted earnings per share (sen)	2.9	1.2	7.2	2.5