

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 2009. 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 2009.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2009 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 8	Segmental reporting
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
FRS 139	Financial Instruments

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 8 : Operating Segments***

As of 1 January 2010, the Group determines and presents operating segments based on the information that is provided internally to the Board of Directors. This change in accounting policy is due to the adoption of FRS 8.

(c) ***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.

(d) **FRS 139 – Financial Instruments: Recognition and Measurement**

The adoption of FRS 139 has resulted in changes to the accounting policies relating to recognition and measurement of financial instruments. A financial instrument is recognized in the financial statements when, and only when, the Group becomes a party to the contractual provisions of the instrument. A financial instrument is recognized initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition or issue of the financial instrument.

i) **Financial assets**

Marketable securities prior to the adoption of FRS 139, investment in equity allowance for diminution in value, which is other than temporary. With the adoption of FRS 139, quoted investments in non-current equity securities, other than investments in subsidiaries and associates are now categorized as available for sales assets.

ii) **Derivatives**

Prior to the adoption of FRS 139, derivative contracts off balance sheet items and gains and losses were recognized in the financial statements on settlement date. With the adoption of FRS 139, derivative contracts are now required to be initially recognized at fair value on the date the derivative contract is entered into and subsequently re-measured at fair value at each balance sheet date. Derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Derivatives are classified as fair value through profit and loss with any gains or losses arising from changes in fair value of these derivatives being recognized in the income statement.

iii) **Financial liabilities**

All financial liabilities not classified in another category. Example, non-cumulative redeemable preference shares (NCRPS).

A2. Qualified audit report

The audit report of the Group's annual financial statement for the year ended 31 December 2009 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 buyback 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	5,750.3				4,502.8
Apr 2010	-	-	-	-	-
May 2010	20.0	0.895	0.895	0.895	18.0
Jun 2010	231.7	0.910	0.936	0.955	216.9
Share Dividend – 6 May 2010	(4,928.5)				(3,859.3)
	1,073.5				878.4

As at the end of the current quarter, the company has a total of 1,073,500 treasury shares.

A7. Dividends

An interim cash dividend of 12% or 6 sen per share less income tax of 25% in respect of the year ended 31 December 2010 was declared on 24 August 2010. The entitlement date is 17 September 2010 and payment date is 28 September 2010.

A8. Segmental Reporting

The Group determines operating segments according to business units/divisions.

	<u>INDIVIDUAL QUARTER</u>			<u>CUMULATIVE QUARTER</u>	
	<u>CURRENT YEAR QUARTER</u> 30/06/2010 RM'000	<u>PRECEDING YEAR CORRESPONDING QUARTER</u> 30/06/2009 RM'000	<u>PRECEDING QUARTER</u> 31/03/2010 RM'000	<u>CURRENT YEAR TO DATE</u> 30/06/2010 RM'000	<u>PRECEDING YEAR CORRESPONDING PERIOD</u> 30/06/2009 RM'000
Revenue					
Safety Restraints Division	71,147	42,280	71,868	143,015	76,788
Acoustics Division	5,598	3,707	5,035	10,633	7,145
	<u>76,745</u>	<u>45,987</u>	<u>76,903</u>	<u>153,648</u>	<u>83,933</u>
Profit before Tax					
Safety Restraints Division	17,106	9,106	17,902	35,008	18,949
Acoustics Division	1,156	197	938	2,094	241
Others	475	576	319	794	(269)
	<u>18,737</u>	<u>9,879</u>	<u>19,159</u>	<u>37,896</u>	<u>18,921</u>

- 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 June 2010 is RM2.3m.

B. Notes to KLSE's Listing Requirements

- B1. Review of Performance**
Year to-date turnover increased 83% compared to the previous year. This increase was mainly due to the increased sales of motor vehicles (up 20%) and also the increased fitment rate of safety restraint products in the national vehicles. In line with the increase in turnover, profit before tax increased 100% compared to the previous year.

B2. Review of Performance (current quarter vs previous quarter)

	Current Quarter	Preceding Quarter
	RM (' 000)	RM (' 000)
Turnover	76,745	76,903
Profit before tax	18,737	19,159
Profit after tax (before MI)	15,618	16,127

Turnover for the current quarter was largely unchanged compared to the previous quarter. In the same period, sales of motor vehicles increased 4%. In line with the turnover, PBT was almost identical to the previous quarter. This was achieved despite a slightly lower contribution from the associate company.

- B3. Current Year Prospects**
In view of the strong performance of the automotive sector in the first half of the year, the Malaysian Automotive Association (MAA) has revised the forecast sales for the year to 570,000 which if achieved will be the highest ever recorded.

Taking into account the total industry volume (TIV) forecast by the MAA and the stellar performance by the Group to-date, the Board is optimistic of its performance for the rest of the year.

- B4. Profit Forecast**
Not applicable.

B5. Taxation

	Current Quarter	Year-To-Date
	30/06/2010	30/06/2010
	(RM '000)	(RM '000)
Income tax expenses		
- current year provision	2,956	5,862
- under provision in prior years	-	-
Deferred taxation		
- transferred from deferred taxation	-	-
- RPGT	-	-
Tax expense on share of profit of an associate	163	289
Total	3,119	6,151

B6. Unquoted Investments & Properties

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

B7. Quoted Investments

Other than the treasury shares under Note A6, as at the end of the current quarter, investments in quoted shares by the Group is as follows :-

	31 March 2010	30 June 2010
	RM '000	RM '000
At cost	3,565	3,565
At market value	3,195	2,916

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. Financial Instrument

As at 31 March 2010, the Group had entered into foreign exchange contracts. The fair value of the contracts as at 30 June 2010 was RM4,249,026. The contracted amount of these contracts was RM4,175,344. The contracts are short term in nature with maturity periods of less than one year.

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 were unsuccessful in reaching a settlement. The matter is now fixed for Clarification/Decision on 27 September 2010.

B12. Earnings Per Share

	Current Quarter		Cumulative Quarter	
	30/06/2010	30/06/2009	30/06/2010	30/06/2009
Weighted average number of ordinary shares in issue ('000)	169,233	164,653	169,233	164,653
Basic earnings per share (sen)	5.1	2.8	10.3	4.8
Diluted earnings per share (sen)	5.1	2.8	10.3	4.8

B13. Dividends

On 9 March 2010, the Group completed the distribution of a share dividend on the basis of one (2) HHB treasury shares for every twenty-five (25) ordinary shares of RM0.50 each held in HHB. A total of 12,932,179 treasury shares were distributed.

On 13 May 2010, the Group completed the distribution of a share dividend on the basis of one (1) HHB treasury share for every thirty-five (35) ordinary shares of RM0.50 each held in HHB. A total of 4,928,467 treasury shares were distributed.