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 2010. 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 2010.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2010 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 2011, 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 2010 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	**1,392.3**				**1,243.7**
Jan 2011	-	-	-	-	-
Feb 2011	-	-	-	-	-
Mar 2011	960.4	1.63	1.81	1.72	1,650.0
	2,352.7				**2,893.7**

As at the end of the current quarter, the company has a total of 2,352,700 treasury shares.

A7. Dividends
No dividends were announced during the quarter under review.

A8. Segmental Reporting
The Group determines operating segments according to business units/divisions.

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/03/2011 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/2010 RM'000	PRECEDING QUARTER 31/12/2010 RM'000	CURRENT YEAR TO DATE 31/03/2011 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2010 RM'000
Revenue					
Safety Restraints Division	61,102	71,868	54,956	61,102	71,868
Acoustics Division	5,325	5,035	5,312	5,325	5,035
	66,427	76,903	60,268	66,427	76,903
Profit before Tax					
Safety Restraints Division	17,494	17,902	12,390	17,494	17,902
Acoustics Division	1,169	938	972	1,169	938
Others	472	(319)	3,448	472	(319)
	19,135	19,159	16,810	19,135	19,159

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 31 March 2010 is RM4.9m.

B. Notes to KLSE's Listing Requirements

B1. Review of Performance
The Group recorded a turnover of RM66.4m and a PBT of RM19.1m (29%). The high margin was mainly due to the product sales mix for the quarter, higher interest income as well as a larger contribution from the associate company.

B2. Review of Performance (Q1/11 vs Q4/10)

	Q1/11	Q4/10
	RM (' 000)	RM (' 000)
Turnover	66,427	60,268
Profit before tax	19,135	16,810
Profit after tax (before MI)	15,169	13,805

The total industry volume of motor vehicle for the current period (158k) was 4% higher than the previous quarter (152k). In line with the higher sales, turnover for the Group increased 10% while PBT increased 14%.

B3. Current Year Prospects
The earthquake and tsunami in Japan in March this year are expected to affect the Malaysian automotive industry. The extent of the impact is not fully known yet but the supply chain would be a major overall concern as factory production and logistics were badly disrupted.

However, HHB is not adversely affected by this catastrophe and has also successfully made efforts to source from alternative suppliers.

B4. Profit Forecast
Not applicable.

B5. Taxation

	Current Quarter 31/03/2011 (RM '000)	Year-To-Date 31/03/2011 (RM ' 000)
Income tax expenses		
- current year provision	3,819	3,819
- under/(over) provision in prior years	-	-
Deferred taxation		
- transferred from deferred taxation	3,819	3,819
- RPGT	-	-
Tax expense on share of profit of an associate	147	147
Total	3,966	3,966

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 Mar 2011	31 Dec 2010
	RM '000	RM '000
At cost	15,791	15,791
At market value	13,018	14,948

B8. Status of Corporate Proposals

During the quarter under review, HHB announced the following proposals:-

i) a share split involving the subdivision of every one (1) existing HHB share into two (2) split shares held as an entitlement date to be determined;

ii) a bonus issue of up to 111,252,164 new split shares to be credited as fully paid-up on the basis of one (1) bonus share for every four (4) existing split shares held after the proposed share split;

iii) proposed amendment to the Memorandum and Articles of Association.

The above proposals are still pending approvals from the relevant authorities and shareholders.

B9. Group Borrowings

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

B10. Financial Instrument

There was no foreign exchange contract during the quarter under review.

B11. Material Litigation

Neither Hirotako nor any of its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware and does not have any knowledge of any proceedings pending or threatened against Hirotako and/or its subsidiaries, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of Hirotako and/or its subsidiaries.

B12. Earnings Per Share

	Current Quarter		Cumulative Quarter	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010
Weighted average number of ordinary shares in issue (‘000)	176,731	163,531	176,731	163,531
Basic earnings per share (sen)	4.8	5.4	4.8	5.4
Diluted earnings per share (sen)	4.8	5.4	4.8	5.4

B13. Realized and unrealized retained earnings

	Current Quarter Ended 31 March 2011 RM’000	Preceding Quarter Ended 31 December 2010 RM’000
Total retained earnings of HHB and its subsidiaries:-		
- realized	134,377	135,074
- unrealized	2,176	(6,270)
Total share of retained earnings from associated company:-		
- realized	46,653	46,154
- unrealized	1,421	(1,290)
	184,627	173,668
Less : consolidation adjustments	(72,605)	(65,904)
Total group retained earnings as per consolidated accounts	112,022	107,764