Hume Industries Berhad

(formerly known as Narra Industries Berhad)
A Member of the Hong Leong Group

ANNUAL REPORT 2015

TABLE OF

CONTENTS

COMPANY PROFILE

Hume Industries Berhad ("HIB")

(formerly known as Narra Industries Berhad)

is principally an investment holding company and its subsidiaries are engaged in the manufacture and sale of cement & cement related products and concrete products & concrete related products; design, manufacture and supply of furniture; and interior design fit-out works.

HIB is a public listed company and its shares are traded on the Main Market of Bursa Malaysia Securities Berhad.

CORPORATE INFORMATION

DIRECTORS

YBhg Datuk Kwek Leng San
(Chairman)

Mr Quah Thain Khan
(Group Managing Director)

YBhg Dato' Rosman bin Abdullah

Mr Seow Yoo Lin

YBhg Dato' Ir. Tan Gim Foo

YBhg Datuk Wira Azhar bin Abdul Hamid

COMPANY SECRETARIES

Ms Joanne Leong Wei Yin

Ms Valerie Mak Mew Chan

AUDITORS

KPMG
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7721 3388
Fax: 03-7721 3399

REGISTRAR

Hong Leong Share Registration Services Sdn. Bhd.
Level 5, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur
Tel: 03-2164 1818
Fax: 03-2164 3703

REGISTERED OFFICE

Level 9, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur
Tel: 03-2164 2631
Fax: 03-2164 2514

COUNTRY OF INCORPORATION/ DOMICILE

A public limited liability company, incorporated and domiciled in Malaysia

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-fifth Annual General Meeting of Hume Industries Berhad (formerly known as Narra Industries Berhad) ["the Company"] will be held at the Theatrette, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Thursday, 29 October 2015 at 10.00 a.m. in order:

1. To lay before the meeting the audited financial statements together with the reports of the Directors and Auditors thereon for the financial year ended 30 June 2015.

2. To approve the payment of Director fees of RM213,205 for the financial year ended 30 June 2015 (2014: RM120,000), to be divided amongst the Directors in such manner as the Directors may determine. **Resolution 1**

3. To re-elect the following retiring Directors:

   (a) YBhg Datuk Kwek Leng San **Resolution 2**
   (b) Mr Quah Thain Khan **Resolution 3**
   (c) YBhg Dato' Ir. Tan Gim Foo **Resolution 4**
   (d) YBhg Datuk Wira Azhar bin Abdul Hamid. **Resolution 5**

4. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

SPECIAL BUSINESS

As special business, to consider and, if thought fit, pass the following motions:

5. **Ordinary Resolution**
   -Authority To Directors To Issue Shares

   "**THAT** pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue shares in the Company, at any time and from time to time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being; **AND THAT** the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." **Resolution 7**

6. **Ordinary Resolution**
   -Proposed Renewal Of And New Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature With Hong Leong Company (Malaysia) Berhad ("HLCM") And Persons Connected With HLCM

   "**THAT** approval be and is hereby given for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.3(A) of the Circular to Shareholders dated 7 October 2015 with HLCM and persons connected with HLCM ("Hong Leong Group") provided that such transactions are undertaken in the ordinary course of business, on commercial terms which are not more favourable to the Hong Leong Group than those generally available to and/or from the public, where applicable, and are not, in the Company's opinion, detrimental to the minority shareholders;

   AND THAT such approval shall continue to be in force until:

   (a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or

NOTICE OF ANNUAL GENERAL MEETING
... continued

(b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution." **Resolution 8**

7. **Ordinary Resolution**
-Proposed Renewal Of Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature With Hong Leong Investment Holdings Pte. Ltd. ("HLIH") And Persons Connected With HLIH

"**THAT** approval be and is hereby given for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.3(B) of the Circular to Shareholders dated 7 October 2015 with HLIH and persons connected with HLIH ("HLIH Group") provided that such transactions are undertaken in the ordinary course of business, on commercial terms which are not more favourable to the HLIH Group than those generally available to and/or from the public, where applicable, and are not, in the Company's opinion, detrimental to the minority shareholders;

AND THAT such approval shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or

(b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution." **Resolution 9**

NOTICE OF ANNUAL GENERAL MEETING
... continued

8. **Ordinary Resolution**
-Proposed Renewal Of Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature With Hong Bee Hardware Company, Sdn Berhad ("Hong Bee Hardware")

"**THAT** approval be and is hereby given for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.3(B) of the Circular to Shareholders dated 7 October 2015 with Hong Bee Hardware provided that such transactions are undertaken in the ordinary course of business, on commercial terms which are not more favourable to Hong Bee Hardware than those generally available to and/or from the public, where applicable, and are not, in the Company's opinion, detrimental to the minority shareholders;

AND THAT such approval shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or

(b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution." **Resolution 10**

9. To consider any other business of which due notice shall have been given.

By Order of the Board

Joanne Leong Wei Yin
Valerie Mak Mew Chan
Company Secretaries

Kuala Lumpur
7 October 2015

Notes

1. For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 23 October 2015 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on their behalf.

2. Save for a member who is an exempt authorised nominee, a member entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. A member who is an authorised nominee may appoint not more than two proxies in respect of each securities account it holds. A member who is an exempt authorised nominee for multiple beneficial owners in one securities account ("Omnibus Account") may appoint any number of proxies in respect of the Omnibus Account.

3. Where two or more proxies are appointed, the proportions of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which the appointments shall be invalid.

4. The Form of Proxy must be deposited at the Registered Office of the Company at Level 9, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than 48 hours before the time appointed for holding of the meeting or adjourned meeting.

Explanatory Notes

1. Resolution 7 - Authority To Directors To Issue Shares

   The proposed ordinary resolution, if passed, will give a renewed mandate to the Directors of the Company to issue ordinary shares of the Company from time to time provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being ("Renewed Mandate"). The Renewed Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 16 October 2014 and which will lapse at the conclusion of the Thirty-fifth Annual General Meeting.

   The Renewed Mandate will enable the Directors to take swift action in case of, inter alia, a need for corporate exercises or in the event business opportunities or other circumstances arise which involve the issue of new shares, and to avoid delay and cost in convening general meetings to approve such issue of shares.

2. Resolutions 8 to 10 - Proposed Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature ("Proposed Shareholders' Mandate")

   The proposed ordinary resolutions, if passed, will empower the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, which are necessary for the day-to-day operations of the Hume Industries Berhad (formerly known as Narra Industries Berhad) Group, subject to the transactions being in the ordinary course of business and on terms which are not more favourable to the related parties than those generally available to and/or from the public and are not, in the Company's opinion, detrimental to the minority shareholders of the Company.

   Detailed information on the Proposed Shareholders' Mandate are set out in the Circular to Shareholders dated 7 October 2015 which is despatched together with the Company's Annual Report.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. Details of individuals who are standing for election as Directors

   No individual is seeking election as a Director at the Thirty-fifth Annual General Meeting of the Company.

2. Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

   Details of the general mandate to issue securities in the Company pursuant to Section 132D of the Companies Act, 1965 are set out in Explanatory Note 1 of the Notice of Thirty-fifth Annual General Meeting.

DIRECTORS' PROFILE

YBHG DATUK KWEK LENG SAN
Chairman; Non-Executive/Non-Independent

Datuk Kwek Leng San, aged 60, a Singaporean, graduated from University of London with a Bachelor of Science (Engineering) degree. He also holds a Master of Science (Finance) degree from City University London. He has extensive business experience in various business sectors, including financial services and manufacturing.

Datuk Kwek was appointed to the Board of Directors ("Board") of Hume Industries Berhad (formerly known as Narra Industries Berhad) ("HIB") on 1 July 2001 and assumed the position of Managing Director on 1 March 2003. He was appointed as the Chairman of HIB on 21 February 2012. He is a member of the Nominating Committee of HIB.

He is the Chairman of Malaysian Pacific Industries Berhad, Hong Leong Industries Berhad ("HLI") and Southern Steel Berhad ("SSB"), companies listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). He is also a Director of Hong Leong Company (Malaysia) Berhad and Hong Leong Foundation.

MR QUAH THAIN KHAN
Group Managing Director/Non-Independent

Mr Quah Thain Khan, aged 57, a Malaysian, graduated from Monash University, Australia with a Bachelor of Mechanical Engineering (Honours) degree. He also holds a Master of Business Administration degree from Cranfield School of Management, United Kingdom.

He started his career as an engineer in 1982 with the UMW Group, where his last position was Factory Manager before joining PA Consultancy Group in 1988 as a management consultant. In 1993, he joined Lafarge Malayan Cement Berhad ("LMC"), where he held senior management positions in the manufacturing and marketing subsidiaries before becoming the Chief Executive Officer in 2000 and President & Chief Executive Officer of LMC in 2002, a position he held until 2004.

Mr Quah joined the HLI Group as Managing Director of a subsidiary company in 2004 and in the same year, he was appointed to the Board of HLI, a position he held until 2007. He was the Managing Director of Hume Concrete Sdn Bhd until 2014 when he relinquished this position and was subsequently appointed to the Board of HIB as Group Managing Director on 28 October 2014. He does not sit in any committee of HIB.

DIRECTORS' PROFILE
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YBHG DATO' ROSMAN BIN ABDULLAH
Non-Executive Director/Independent

Dato' Rosman bin Abdullah, aged 48, a Malaysian, is a chartered member of the Malaysian Institute of Accountants and a member of the Australian Society of Certified Practicing Accountants. He holds a Bachelor of Commerce (Accounting) degree from the Australian National University and had attended the Advanced Management Programme at the University of Oxford.

Dato' Rosman started his career with Arthur Andersen & Co in 1989. He was an Executive Director of Malaysia Airport Holdings Berhad from 1997 to 2003, a Non-Independent Non-Executive Director of KUB Malaysia Berhad from 2006 to 2011 and Cuscapi Berhad from 2003 to 2013. In 2003, he was appointed as the Corporate Affairs Director of PECD Berhad ("PECD") and was promoted to Group Chief Executive Officer of PECD in 2006 and held the position until 2009. He then served as the Chief Executive Officer of Syarikat Air Negeri Sembilan Sdn Bhd from 2009 to 2012.

Dato' Rosman was appointed to the Board of HIB on 3 February 2006. He is the Chairman of the Board Audit & Risk Management Committee of HIB.

Currently, he is the Group Managing Director of Putrajaya Perdana Berhad and an Independent Non-Executive Director of Kumpulan Fima Berhad, a company listed on the Main Market of Bursa Securities.

MR SEOW YOO LIN
Non-Executive Director/Independent

Mr Seow Yoo Lin, aged 59, a Malaysian, qualified as a Certified Public Accountant in 1981. He holds a Master in Business Administration from The International Management Centre, Buckingham, United Kingdom.

Mr Seow joined KPMG Malaysia in 1977. In 1983, he was seconded to KPMG United States to gain overseas experience. He returned in 1985 and was admitted as Partner in 1990.

He has been the audit partner on a wide range of companies including public listed companies and multinationals in banking and finance, manufacturing, trading and services. He was the Managing Partner of KPMG Malaysia from 2007 to 2010. He retired from the firm in 2011.

He was a member of the Executive Committee of the Malaysian Institute of Certified Public Accountants from 2009 to 2011 and was a Council member of the Malaysian Institute of Accountants from 2007 to 2011.

Mr Seow was appointed to the Board of HIB on 21 February 2012. He is the Chairman of the Nominating Committee and a member of the Board Audit & Risk Management Committee of HIB.

Mr Seow is a Director of SSB and Dolomite Corporation Berhad, companies listed on the Main Market of Bursa Securities. He is also a Director of HSBC Amanah Malaysia Berhad.

DIRECTORS' PROFILE
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YBHG DATO' IR. TAN GIM FOO
Non-Executive Director/Independent

Dato' Ir. Tan Gim Foo, aged 57, a Malaysian, graduated from University Malaya with a Bachelor of Engineering (Civil) Honours. He also holds a Master in Business Administration from Charles Sturt University, New South Wales, Australia.

He started his career as an engineer with IJM Construction Sdn Bhd ("IJMC") in 1983 and since then has held various senior management positions including as Managing Director of IJMC. Prior to his retirement, Dato' Ir. Tan was the Deputy Chief Executive Officer & Deputy Managing Director of IJM Corporation Berhad.

Dato' Ir. Tan was appointed to the Board of HIB on 11 December 2014. He is a member of the Board Audit & Risk Management Committee of HIB.

YBHG DATUK WIRA AZHAR BIN ABDUL HAMID
Non-Executive Director/Independent

Datuk Wira Azhar bin Abdul Hamid, aged 54, a Malaysian, is a Fellow member of the Association of Chartered Certified Accountants, United Kingdom and a member of the Malaysian Institute of Accountants.

Datuk Wira Azhar began his early career in the United Kingdom where he served British Telecom Plc as an Internal Audit Manager from 1989 to 1991. He then joined Malaysian Co-Operative Insurance Society Ltd as Head of Internal Audit prior to joining Sime Darby Berhad ("Sime Darby") in 1994.

In November 2001, he was appointed as Group Chief Executive of PERNAS International Holdings Berhad (now known as Tradewinds Corporation Berhad ["Tradewinds"]), a post he held until October 2002. Subsequently, in 2003, he returned to the Sime Darby group of companies ("Sime Darby Group") and since then, has held various key positions within the Sime Darby Group including as Managing Director of Sime Darby Plantation Sdn Bhd and Acting President and Group Chief Executive of Sime Darby, overseeing the entire Sime Darby Group's operations. In September 2011, Datuk Wira Azhar was appointed as Chief Executive Officer of Mass Rapid Transit Corporation Sdn Bhd and held the position until December 2014.

Datuk Wira Azhar was appointed to the Board of HIB on 3 April 2015. He is a member of the Nominating Committee of HIB.

Currently, Datuk Wira Azhar is the Group Managing Director of Tradewinds and a Director of ICON Offshore Berhad and Hong Leong Bank Berhad, companies listed on the Main Market of Bursa Securities.

DIRECTORS' PROFILE
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Notes:

1. **Family Relationship with Director and/or Major Shareholder**
   YBhg Datuk Kwek Leng San is a brother of YBhg Tan Sri Quek Leng Chan and Mr Quek Leng Chye, both major shareholders of HIB. Save as disclosed herein, none of the Directors has any family relationship with any other Director and/or major shareholder of HIB.

2. **Conflict of Interest**
   None of the Directors has any conflict of interest with HIB.

3. **Conviction of Offences**
   None of the Directors has been convicted of any offences within the past 10 years.

4. **Attendance of Directors**
   Details of Board meeting attendance of each Director are disclosed in the Statement on Corporate Governance, Risk Management and Internal Control in the Annual Report.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Hume Industries Berhad (formerly known as Narra Industries Berhad) ("HIB" or "the Company"), I am pleased to present the Annual Report and Financial Statements of the Group and of the Company for the financial year ended 30 June 2015 ("FY 2015").

OPERATING ENVIRONMENT

The Malaysian economy performed reasonably well in FY 2015. There was a surge in demand pre-implementation of the Goods and Services Tax on 1st April 2015. However, this was negated by a drop in demand post-implementation, contributing to a lower Gross Domestic Product growth for the last quarter of FY 2015 (4.9% vs 5.6% in the previous quarter).

Nevertheless, the overall FY 2015 demand remained strong due to the on-going Government Economic Transformation Programme ("ETP") projects which had benefited our industry, particularly cement and concrete.

FINANCIAL REVIEW

For FY 2015, the Group recorded higher revenue of RM472.8 million as compared with RM40.5 million in the previous financial year ended 30 June 2014 ("FY 2014") and a profit before tax of RM69.4 million for FY 2015 as compared with a loss before tax of RM6.1 million in FY 2014. The higher profit in FY 2015 was mainly driven by the cement and concrete businesses which were acquired by the Group in October 2014.

SIGNIFICANT CORPORATE DEVELOPMENT

On 10 September 2013, the Company entered into Shares Sale Agreements with Hong Leong Industries Berhad ("HLI") and Hong Leong Manufacturing Group Sdn Bhd ("HLMG") for the acquisition of (i) the entire issued and paid-up share capital in Hume Concrete Sdn Bhd ("HCCT") and 175,000,000 6-year 2% non-cumulative irredeemable convertible preference shares of RM1.00 each in Hume Cement Sdn Bhd ("HCMT") from HLI for a total purchase consideration of RM48,000,000 and RM300,000,000 respectively; and (ii) the entire issued and paid-up share capital in HCMT from HLMG for a purchase consideration of RM100,000,000. The purchase considerations were satisfied by the issuance of new HIB Shares (as defined below) at an issue price of RM1.00 per new HIB Share (collectively, the "Acquisitions").

The Company's share capital reduction exercise involving the cancellation of RM0.50 of the par value of every existing

CHAIRMAN'S STATEMENT
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share of RM1.00 in HIB and the share consolidation of 2 resultant ordinary shares of RM0.50 each into 1 ordinary share of RM1.00 each in HIB ("HIB Share") was completed on 15 August 2014.

The Acquisitions were completed on 20 October 2014 following the issue and allotment of the consideration shares by the Company in accordance with the terms and conditions of the Shares Sale Agreements ("Consideration Shares"). Accordingly, HCCT Group and HCMT have become wholly-owned subsidiaries of the Company.

Following the listing of and quotation for the Consideration Shares on the Main Market of Bursa Malaysia Securities Berhad on 24 October 2014, the corporate exercises were completed on even date.

PROSPECTS

The strengthening of the US Dollar coupled with declining oil prices will create a challenging environment for our businesses. Nevertheless, the Malaysian economy is still expected to show reasonable growth and demand for our products is expected to continue to be strong as on-going ETP projects are still required to be completed and future infrastructure projects such as Klang Valley Mass Rapid Transit 2 and major expressways are expected to be implemented.

The challenge for some of our businesses will be to compete successfully in a market that appears to have sufficient capacity to meet the demand. To this end, our management team is committed to ensuring that we have a competitive cost structure, good product quality and excellent customer service.

Barring unforeseen circumstances, the Board expects the Group performance to be satisfactory for the financial year ending 30 June 2016.

DIVIDEND

The Company has declared and paid an interim single tier dividend of 3.0 sen per share. The Board does not recommend a final dividend for FY 2015.

ACKNOWLEDGEMENT

On behalf of the Board, it is my pleasure to welcome Mr Quah Thain Khan as our Group Managing Director. At the same time, I would also like to welcome YBhg Datuk Wira Azhar bin Abdul Hamid and YBhg Dato' Ir. Tan Gim Foo who joined the Board as Independent Non-Executive Directors.

The Board also expresses a special note of thanks and appreciation to YBhg Datuk Syed Zaid bin Syed Jaffar Albar who stepped down as Independent Non-Executive Director of the Company on 3 April 2015.

To our valued customers, business associates, shareholders, financiers and the authorities, I take this opportunity to convey our appreciation and gratitude for their continuous support and confidence in the Group.

Finally, I wish to extend a warm welcome to all our new employees from the cement and concrete businesses and record my sincere thanks to each and every Board member, our management team and all our employees for their contribution, dedication and commitment to the Group.

DATUK KWEK LENG SAN
Chairman

GROUP MANAGING DIRECTOR'S REVIEW

The financial year ended 30 June 2015 ("FY 2015") saw our Group achieved a significant landmark with the acquisition of the cement and concrete businesses in October 2014. This resulted in a multifold increase in our revenue and profits and set the foundation for our transformation into a cement-based infrastructure Group.

BUSINESS REVIEW

For FY 2015, the Malaysian construction industry continued to show growth albeit at a lower rate than the previous financial year. Despite a slowdown in the housing sector, infrastructure projects were continuing and contributed to increased demand for cement and concrete products. Consequently, our cement and concrete businesses, driven by the strong HUME brand name, were able to take advantage of the increased demand to achieve our target market share.

During the financial year under review, our Cement Division faced teething problems of setting up our new cement plant which was commissioned only recently in 2012. Most of these problems have been overcome, and the plant was able to operate during FY 2015 at close to full capacity.

Our Concrete Division was affected by severe price discounting in the precast concrete market, particularly by new players. Despite implementing cost reduction measures at all our plants, profit margins were squeezed as we had to remain price competitive in order to maintain our sales volume.

For the Furniture Division, the situation continued to be challenging. Despite some improvement in profit due to higher revenue from additional new customers, the furniture business remains very competitive, and we will have to continue to innovate and re-strategise our business model in order to make this division viable.

OUTLOOK

Demand for cement and concrete products are expected to continue to increase due to the implementation of infrastructure projects that have been announced (e.g. Klang Valley Mass Rapid Transit (KVMRT), Light Rapid Transit (LRT), High Speed Rail, various expressways, and water and sewerage plants) and the expected spin off in housing construction. In anticipation of this, our Cement Division has embarked on the construction of a second production line which is expected to be completed in the next financial year whilst our Concrete Division is also looking at expanding our capacity and product range to meet the demand.

With a full financial year result for the cement and concrete businesses, barring any unforeseen circumstances, we expect the Group performance to be satisfactory in the financial year ending 30 June 2016.

QUAH THAIN KHAN
Group Managing Director

CORPORATE SOCIAL RESPONSIBILITY

The Group strives to go beyond Corporate Social Responsibility ("CSR") and integrate sustainability in everything that we do. We need to move away from a list of check boxes to meaningful actions to ensure impact to create real change for the better. This has impacted our actions this past year and will continue to affect thinking moving forward. We take this effort seriously and are not simply motivated by trying to enhance our corporate image.

We need to genuinely transform by integrating sustainability into the heart of our businesses and we are slowly making inroads into this. We believe in serving our communities, which include our employees, customers, business partners and the environment, as our partners. We have a common understanding that without the community, there is no company. The Group sees CSR, or more accurately, sustainability, as integral to its mission. The Group contributes to the socio-economic development of the nation through its business growth, promoting education, providing aid to marginalised communities, supporting and developing local talent, propagating green practices and practicing sustainable supply-chain in its operations.

Below is our commitment to each of the focus areas under the Group Sustainability Plan:

WORKPLACE

The Group is committed to upholding the human rights of our employees and treating them with dignity and respect. We strive to deliver innovative solutions as well as to create an inspiring and conducive working environment.

The Group also aims to ensure that the health, safety and welfare of our employees are well taken care of and we acknowledge our responsibility towards employees who may be affected by our activities. To this end, we have continued to prioritise the following key programmes:

- 5S principles - the cornerstone of a safe and productive work environment are practised in all manufacturing and office locations. All locations meet the specific 5S standards prescribed by the Group. "Gotong-Royong" sessions are conducted periodically by the employees to upkeep the facilities.

- Adequate Personal Protective Equipment is provided to employees whose job requires such equipment.

- Industrial health and safety is exercised at all levels of the operating companies through direct involvement of management setting clear targets and goals with regular meetings and training. One specific example is the programme implemented by one of our operating companies, Hume Furniture Industries Sdn Bhd ("HFI"), where first aid training was conducted by professionals to coach and certify employees in cardiopulmonary resuscitation (CPR), wound dressing and emergency treatment. On an annual basis, HFI conducts the chemical exposure monitoring test with the Department of Safety and Health Malaysia ("DOSH") to identify the concentration of chemical result as prescribed under Occupational Safety and Health ["OSH"] (USECHH) Regulation 2000 to provide a healthy and conducive working environment.

The Group identifies and hires local talent through our Graduate Development Programme – a programme in which we hire fresh local graduates to undergo a training programme. This programme aims to identify and develop young graduates into relevant fields of talents to support the growth of the Group. It entails classroom training, on-the-job familiarisation, learning assignments as well as mentoring. For the non-executives, various in-house and external programmes were conducted to enhance their technical competencies as well as supervisory skills in order to develop a competent workforce that is knowledgeable and highly motivated.

Since its founding, the Group has demonstrated an on-going commitment to people and to fair employment practices. Our growth and expansion throughout the region have created a more diverse work force by tapping on our people who have different experiences, perspectives and cultures. This has allowed the Group to build on its creativity and innovation which helps the organisation to realise its full potential.

CORPORATE SOCIAL RESPONSIBILITY
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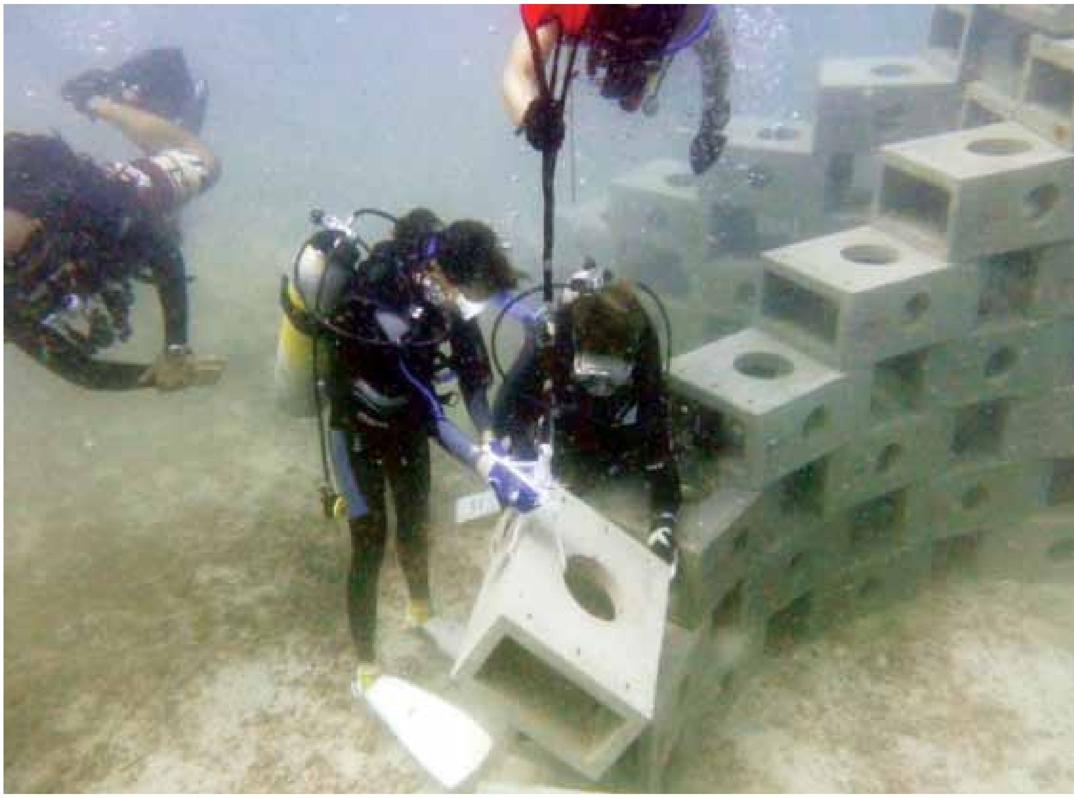


WORKPLACE *cont'd*

We believe that a well-managed, diverse and inclusive work force expands the Group's base of knowledge, skills and cross-cultural understanding, which in turn, enables us to understand, relate and respond to our diverse and changing customers throughout the world. Our overall commitment is reflected in our diversity and inclusion philosophy.

Consistent with our Best Work Environment practices, we maintain a work environment free from discrimination and we comply with all applicable laws pertaining to non-discrimination and equal opportunity. This is evidenced by the diverse ethnic and social backgrounds of members, staff and clients. For example, our operating company, Hume Cement Sdn Bhd ("HCMT"), offers employment to Perak residents, resulting in 90% of manpower strength from Perak, with more than 80% of the employees living within 20 km radius from the plant.

ENVIRONMENT

The Group endeavours to identify and minimise the negative environmental impacts of our products and business activities. We take steps to reduce environmental impact wherever possible.

Our environmental initiatives include smart and careful consumption of resources, water, emissions to air, waste generation, energy use and procurement processes. We are committed to minimising our environmental impact and encouraging greater sustainability throughout our business.

Our commitment to the environment has guided us to continually strive to reduce our waste in our manufacturing plants in Malaysia and elsewhere in the world by offering more environmentally friendly and sustainable operations, the latest being HCMT, which has successfully built an advanced cement plant equipped with a Continuous Emission Monitoring System to assure the public that the plant is not emitting pollutants in excess of environmental standards. In addition, we work with independent parties and authorities [i.e. Department of Environment (DOE), DOSH, Environmental Impact Assessment (EIA)] regularly to comply with various environmental measures such as Audiometric Test, Noise Mapping Test/ Boundary Noise, Chemical Health Risk Assessment, Mineral Dust & Oil Exposure Test and Ambient Air Monitoring.

In our continuous effort to manage waste, our operating company, Hume Concrete Sdn Bhd ("HCCT"), engages a third party to collect concrete slurry waste from our plants for disposal in specific area designated by the Government.

Similarly, HFI's furniture plant implemented improvement in the wood finishing technique by using waterfall system to eliminate excess chemical from spray gun which is recaptured and reused instead of releasing to the environment.

Externally, in line with the Group's commitment to protect the environment, we participated in the Artificial Reef Project Adoption with the objective to sustain the growth of reefs leading to enhanced bio diversity and sustainability of underwater ecosystem. The project took place at 11 meters deep at the North-East side of Soyak Island, opposite Tioman Island.

CORPORATE SOCIAL RESPONSIBILITY
... continued

ENVIRONMENT *cont'd*

The reef design is made of 70 specially moulded concrete blocks made by HCCT with cement supplied by HCMT.

In the area of energy conservation, all our operating companies initiated various activities to reduce energy usage in the plant:

- Use waste materials as fuel and raw materials.
- Re-layout some machineries to reduce motion loss and enhance process efficiency.
- Replace conventional fluorescent lighting to LED in selected critical areas.
- High bay illumination lighting using transparent flat panels/ roofing sheets.

MARKETPLACE

The Group is committed to good business ethics and integrity. For many years now, the Group has had in place internally generated best practices to ensure the economic sustainability of all its companies. Some of these best practices are:

- Established Financial Management Disciplines intended to drive excellence in financial management with the objective of preserving and enhancing the quality of the business as an on-going concern.
- An established Enterprise Risk Management structure to ensure that a systematic process and delegation of responsibility are clearly set out to guide management.
- A code of business conduct and ethics of financial reports which contains disclosures that are true and fair.
- In choosing its directors, the Group seeks individuals of high integrity, and with shareholder orientation and a genuine interest in their respective company's businesses. They are tasked with the responsibility of exercising their business judgment to act in what they reasonably believe to be in the best interest of the company and the shareholders they represent.
- The practice of responsible selling and marketing of products and services.

CORPORATE SOCIAL RESPONSIBILITY
... continued

COMMUNITY

The Group conducts most of its philanthropic activities through Hong Leong Foundation, the charitable arm of the Hong Leong Group.

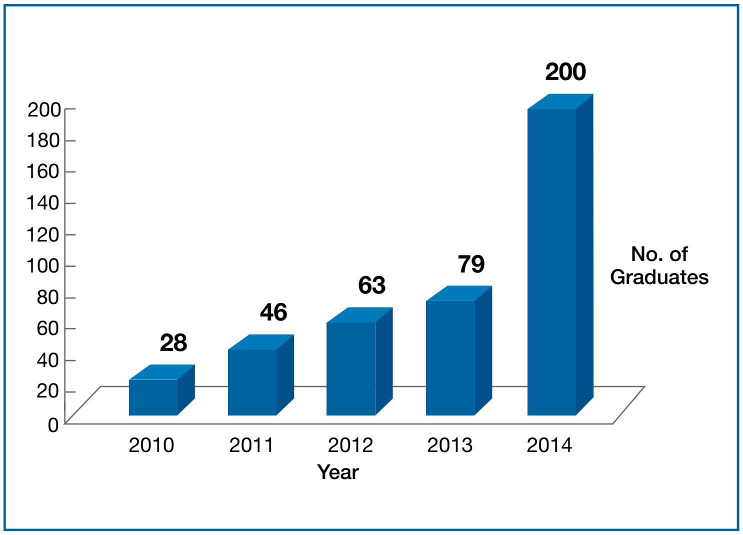
Incorporated in 1992, Hong Leong Foundation is a corporate foundation driven by the interest and passion of the Hong Leong Group. It is funded by contributions from Hong Leong Group Malaysia companies and is effectively its charitable arm through which most of the Group's philanthropic activities are conducted. The Foundation expended a total of RM26.9 million over the last three years and has the following programmes in place working with our Community Partners:

- Community Welfare Programme to address the daily needs of homes, shelters and community centres.
- Towards Self-Sufficiency:
    - Tertiary Scholarship Programme
    - Reach out and Rise Education Development Programme
    - The Hong Leong Masters Scholarship Programme
    - After School Care Programme
- Community Partner Programme to enable furtherance of the charity's mission and vision:
    - Good Jobs: Employment Development Programme
    - Better Homes: Welfare Home Transformation Programme
    - Hong Leong Foundation NGO Accelerator Programme
    - Community Welfare Programme

The total funds disbursed by the Foundation in the financial year ended 30 June 2015 were RM6.9 million, benefiting 30 charity organisations. During the year, the Foundation disbursed RM3.2 million in scholarships to benefit around 200 scholars studying in various universities, all of whom are from financially-challenged families. Because gaps of opportunity exist along the entire spectrum of education development, the Foundation has set up a comprehensive programme to empower its scholars: enrichment camps and workshops, internships, mentorships and other supports to help them excel in their formative years at university and beyond.

Since 1993, the Hong Leong Foundation has awarded more than RM29.5 million in scholarships to 1,204 scholars via its scholarship programmes for diplomas, degrees or masters.

Hong Leong Foundation Scholarship Graduates by Year:



Guided by the Group value of Social Responsibility, we are committed at all levels of organization to fulfil our role as a responsible corporate citizen in supporting the communities through our CSR programmes and social contributions. Some of these include:

- Integrating CSR with our Hume branding effort, HCMT co-sponsored the hosting of the 2 giant Pandas – Xing Xing & Liang Liang at Zoo Negara, enabling our fellow Malaysians to experience and appreciate the habitat and nature of the giant Pandas.

CORPORATE SOCIAL RESPONSIBILITY
... continued

COMMUNITY *cont'd*

- Aligning to the Group's aspiration in promoting high academic achievers, HCMT launched the Book Prize Award programme targeted to schools within the vicinity of the cement plant with the objectives to encourage students (from Standard One to Form Five) to excel in their academic performance; and inculcate savings and reading habit from a young age.

- At the same time, HCMT also introduced a similar programme for employees' children, namely the Academic Excellence Award, with the objective to reward employees' children who attained excellent results in the national examinations such as UPSR, PT3, SPM and STPM.

- To support the hospital in blood bank supply, HFI worked together with Hospital Tunku Jaafar Seremban to organise a blood donation campaign in the office on 20 August 2014.

- To support the Government's flood relief programme, HCMT coordinated with Pusat Kerjaya Amanjaya and Majlis Daerah Kampar to distribute our donations to the locals within specific Perak regions that were hit by flood especially in Kuala Kangsar, Kampung Gajah and Hulu Perak areas.

Moving forward, the Group has long term plans to deploy CSR initiatives to help uplift the economy and social status of the local community in which we operate.

This Corporate Social Responsibility Statement is made in accordance with the resolution of the Board of Directors.

CORPORATE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL

"Corporate Governance is the process and structure used to direct and manage the business and affairs of the Company towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long term shareholder value, whilst taking into account the interest of other stakeholders."

~ Finance Committee on Corporate Governance

The Board of Directors ("Board") has reviewed the manner in which the Malaysian Code on Corporate Governance 2012 ("Code") is applied in the Group as set out below. The Board is pleased to report compliance of the Group with the principles and recommendations as set out in the Code except where otherwise stated.

A. ROLES AND RESPONSIBILITIES OF THE BOARD

The Board assumes responsibility for effective stewardship and control of the Company and has established terms of reference ("TOR") to assist in the discharge of this responsibility.

The roles and responsibilities of the Board are set out in the Board Charter which is published on the Company's website, and broadly cover formulation of corporate policies and strategies; overseeing and evaluating the conduct of the Group's businesses; identifying principal risks and ensuring the implementation of appropriate systems to manage those risks; and reviewing and approving key matters such as financial results, investments and divestments, acquisitions and disposals and major capital expenditure.

There is a clear division of responsibilities between the Chairman and the Group Managing Director ("GMD"), which are distinct and separate.

The Chairman leads the Board and ensures its smooth and effective functioning.

The GMD is responsible for the vision and strategic direction of the Group, implementing the policies and decisions of the Board, initiating business ideas and corporate strategies to create competitive edge and enhancing shareholder wealth, setting the benchmark and targets for operating companies, overseeing the day-to-day operations and tracking compliance and business progress.

Independent Non-Executive Directors ("INEDs") are responsible for providing insights, unbiased and independent views, advice and judgment to the Board and bring impartiality to Board deliberations and decision-making. They also ensure effective checks and balances on the Board. INEDs do not participate in the day-to-day management of the Company and there are no relationships or circumstances that could interfere with or are likely to affect the exercise of their independent judgment or the ability to act in the best interest of the Company and its shareholders.

The Group continues to operate in a sustainable manner and seeks to contribute positively to the well being of stakeholders. The Group's key corporate social responsibility activities or sustainability plan are set out in the Corporate Social Responsibility Statement of this Annual Report.

The Board observes the Company Directors' Code of Ethics established by the Companies Commission of Malaysia ("CCM") which is available at CCM's website at www.ssm.com.my. In addition, the Group also has a Code of Ethics that sets out sound principles and standards of good practice which are observed by the employees. The Group has in place procedures and rules for employees to raise responsibly, in confidence, concerns about serious misconduct and other possible improprieties which pose a financial, legal, reputational or operational risks to the Group.

CORPORATE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL
... continued

B. BOARD COMPOSITION

The Board comprises 6 directors, 4 of whom are non-executive and independent. The profiles of the members of the Board are provided in the Annual Report.

The Company is guided by the Policy on Board Composition adopted by the Company in determining its board composition. The Policy includes the following:

- The Board shall determine the appropriate size of the board to enable an efficient and effective conduct of board deliberation.
- The Board shall have a balance of skills and experience that commensurate with the complexity, size, scope and operations of the Company and shall have an appropriate balance of independent directors comprising at least one third of the board.
- The Board shall also include a balanced composition of executive and non-executive directors.
- Board members should have the ability to commit time and effort to carry out duties and responsibilities effectively.
- The Board recognises the merits of Board diversity in adding value to collective skills, perspectives and strengths to the Board.

The Board will consider appropriate targets in Board diversity including gender, ethnicity and age balance on the Board and will take the necessary measures to meet these targets from time to time as appropriate.

The Board is of the view that the current size and composition of the Board are appropriate and effective for the control and direction of the Group's business. The composition of the Board also fairly reflects the investment of shareholders in the Company.

C. BOARD COMMITTEES

Board Committees have been established by the Board to assist in the effective discharge of its duties.

I Board Audit & Risk Management Committee ("BARMC")

The composition of the BARMC, its TOR and a summary of its activities are set out in the Board Audit & Risk Management Committee Report of this Annual Report.

II Nominating Committee ("NC")

The NC was established on 29 April 2013.

The NC has been re-constituted as follows:

Mr Seow Yoo Lin
Chairman, Independent Non-Executive Director
(Redesignated as Chairman on 3 April 2015)

YBhg Datuk Kwek Leng San
Non-Independent Non-Executive Director

YBhg Datuk Wira Azhar bin Abdul Hamid
Independent Non-Executive Director
(Appointed on 3 April 2015)

YBhg Datuk Syed Zaid bin Syed Jaffar Albar
Independent Non-Executive Director
(Resigned on 3 April 2015)

CORPORATE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL
... continued

C. BOARD COMMITTEES *cont'd*

II Nominating Committee ("NC") *cont'd*

The NC's functions and responsibilities are set out in the TOR as follows:

- To review and propose to the Board, all appointments, re-appointments, re-elections and removals of directors; appointments of Board committees and chief executive; and to review the criteria to be used.
- To assess annually the independence of the independent directors.
- To propose for the Board's approval, objective performance criteria for evaluation of the performance of the Board as a whole, the Board committees and the contribution and performance of each individual director and Board committee member, including the chief executive and chief financial officer.
- To evaluate the Board's performance by carrying out the assessment process implemented by the Board for assessing the effectiveness of the Board as a whole, Board committees and the contribution and performance of each individual director and Board committee member, including the chief executive and chief financial officer.
- To review and propose appropriate training programmes for the Board.
- To carry out such other functions and duties as may be delegated by the Board from time to time.

The NC carried out its duties in accordance with its TOR.

The Company has in place the process and procedure for assessment of new appointment, re-appointment, re-election and removal of directors, and the appointment of chief executive, and the criteria used ("Process and Procedure for Assessment").

A formal evaluation process has been put in place to assess the effectiveness of the Board as a whole, the Board committees and the contribution and performance of each individual director, Board committee member and the chief financial officer.

Having reviewed the annual assessments in respect of the financial year ended 30 June 2015 ("FY 2015"), the NC is satisfied that the Board, Board committees, each individual director, each Board committee member and the Chief Financial Officer (except for the newly appointed Directors whose assessments were carried out by the NC prior to their appointments in accordance with the Process and Procedure for Assessment) have effectively discharged their duties and responsibilities. They have also fulfilled their responsibilities and are suitably qualified to hold their positions.

The NC meets at least once in each financial year and additional meetings may be called at any time as and when necessary.

The NC met 3 times during FY 2015 where all the NC members attended.

During FY 2015, the NC has considered and reviewed the following:

- composition of the Board and Board committees;
- professional qualification and experience of the directors;
- independence of independent directors and their tenure;
- trainings undertaken by directors; and
- appointment and re-election of directors.

The NC has also evaluated the performance of the Board and Board committees, benchmarking against their respective TOR.

CORPORATE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL
... continued

C. BOARD COMMITTEES *cont'd*

III Remuneration Committee ("RC")

The Company does not have a RC. The Board is of the view that it is not necessary for the Company to establish a RC for the time being given the current size of the Board. The Board as a whole functions as the RC.

The Group's remuneration scheme for executive directors is linked to performance, service seniority, experience and scope of responsibility and is periodically benchmarked to market/industry surveys conducted by human resource consultants. Performance is measured against profits and targets set in the Group's annual plan and budget.

The level of remuneration of non-executive directors reflects the level of responsibilities undertaken by them.

The remuneration packages of executive directors are reviewed by the entire Board, with the presence of a majority of non-executive directors. The executive director concerned shall not participate in the deliberations and shall vacate the meeting room during deliberations of his remuneration package.

The Board, in assessing and reviewing the remuneration packages of executive directors, ensures that a strong link is maintained between their rewards and individual performance, based on the provisions in the Group's Human Resources Manual, which are reviewed from time to time to align with market/industry practices.

The fees of director are recommended and endorsed by the Board for approval by the shareholders of the Company at its annual general meeting ("AGM").

The aggregate remuneration of directors (including remuneration of directors appointed/resigned during FY 2015) for FY 2015 is as follows:

	Fees (RM)	Salaries & Other Emoluments (RM)	Total (RM)
Executive Directors	–	1,569,408	1,569,408
Non-Executive Directors	213,205	107,260	320,465

The number of directors whose remuneration falls into the following bands is as follows:

Range Of Remuneration (RM)	Executive	Non-Executive
50,000 and below	–	2
50,001 - 100,000	–	3
100,001 - 1,550,000	–	–
1,550,001 - 1,600,000	1	–

CORPORATE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL
... continued

D. INDEPENDENCE

The Company has in place, an Independence of Directors Policy which sets out the criteria for assessing the independence of independent directors. The Board will apply these criteria upon admission, annually and when any new interest or relationship develops.

The Board further takes cognisance of Recommendations 3.2 and 3.3 of the Code that the tenure of an independent director should not exceed a cumulative term of 9 years. However, the Board seeks to strike an appropriate balance between tenure of service, continuity of experience and refreshment of the Board. Although a longer tenure of directorship may be perceived as relevant to the determination of a director's independence, the Board recognises that an individual's independence should not be determined solely based on tenure of service. Further, the continued tenure of directorship brings considerable stability to the Board, and the Company benefits from directors who have, over time, gained valuable insight into the Group, its market and the industry.

The independent directors have declared their independence, and the NC and the Board have determined, at the annual assessment, that they, including YBhg Dato' Rosman bin Abdullah who has served on the Board for a cumulative tenure of more than 9 years, remain objective and have continued to bring independent and objective judgment to Board deliberations and decision-making.

Both the independent directors and non-independent directors are required to submit themselves for re-election at the AGM every 3 years under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa") ["MMLR"] and Articles of Association of the Company. In addition, the re-appointment of directors who have attained 70 years of age and above is subject to shareholders' approval at the AGM under Section 129 of the Companies Act, 1965. In respect of the independent directors who have served a tenure of 9 years and above, and who are due for re-election or re-appointment, justification for their re-election or re-appointment, as the case may be, will be set out in the explanatory notes of the notice of AGM.

E. COMMITMENT

The directors are aware of their responsibilities and will devote sufficient time to carry out such responsibilities. In line with the MMLR, directors are required to comply with the restrictions on the number of directorships in public listed companies. Directors provide notifications to the Board for acceptance of any new Board appointment. This ensures that their commitment, resources and time are focused on the affairs of the Company to enable them to discharge their duties effectively. Board meetings are scheduled a year ahead in order to enable full attendance at Board meetings. Directors are required to attend at least 50% of Board meetings pursuant to the MMLR.

The Board meets quarterly with timely notices of issues to be discussed. Additional meetings may be convened on an ad-hoc basis as and when necessary. Where appropriate, decisions are also taken by way of Directors' Circular Resolutions.

All Board members are supplied with information in a timely manner. Board reports are circulated prior to Board meetings and the reports provide, amongst others, financial and corporate information, significant operational, financial and corporate issues, updates on the performance of the Company and of the Group and management's proposals which require the approval of the Board.

All directors have access to the advice and services of qualified and competent Company Secretaries and internal auditors. All directors also have access to independent professional advice at the Company's expense, in consultation with the Chairman of the Company.

At Board meetings, active deliberations of issues by Board members are encouraged and such deliberations, decisions and conclusions are recorded by the Company Secretaries accordingly. Any director who has an interest in the subject matter to be deliberated shall abstain from deliberation and voting on the same during the meetings.

The Board met 5 times during FY 2015.

E. COMMITMENT *cont'd*

Details of attendance of each director are as follows:

Directors	Attendance
YBhg Datuk Kwek Leng San	5/5
Mr Quah Thain Khan (GMD) *(Appointed on 28 October 2014)*	4/4*
YBhg Dato' Rosman bin Abdullah	5/5
Mr Seow Yoo Lin	5/5
YBhg Dato' Ir. Tan Gim Foo *(Appointed on 11 December 2014)*	2/2*
YBhg Datuk Wira Azhar bin Abdul Hamid *(Appointed on 3 April 2015)*	1/1*
YBhg Datuk Syed Zaid bin Syed Jaffar Albar *(Resigned on 3 April 2015)*	4/4*

** Reflects the attendance and the number of meetings held during the period the Director held office.*

The Board recognises the importance of continuous professional development and training for directors.

The Company is guided by a Directors' Training Policy which covers an Induction Programme and Continuing Professional Development ("CPD") for directors of the Company. The Induction Programme which includes visits to the Group's various business operations and meetings with senior management is organised for newly appointed directors to assist them to familiarise and to get acquainted with the Group's businesses. The CPD encompasses areas related to the industry or businesses of the Group, governance, risk management and regulations through a combination of courses and conferences.

All directors of the Company have completed the Mandatory Accreditation Programme.

The Company regularly organises in-house programmes, briefings and updates by its in-house professionals. The directors are also encouraged to attend seminars and briefings in order to keep themselves abreast with the latest developments in the business environment and to enhance their skills and knowledge. Directors are kept informed of available training programmes on a regular basis.

The Company has prepared for the use of its directors, a Director Manual which highlights, amongst others, the major duties and responsibilities of a director vis-á-vis various laws, regulations and guidelines governing the same.

In assessing the training needs of directors, the Board has determined that appropriate training programmes covering matters on corporate governance, finance, legal, risk management and/or statutory/regulatory compliance, be recommended and arranged for the directors to enhance their contributions to the Board.

During FY 2015, the directors received regular briefings and updates on the Group's businesses, operations, risk management, internal controls, corporate governance, finance and any changes to relevant legislation, rules and regulations from in-house professionals. The Company also organised an in-house programme for its directors and senior management.

The directors of the Company have also attended various programmes and forums facilitated by external professionals in accordance with their respective needs in discharging their duties as directors.

CORPORATE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL
... continued

E. COMMITMENT *cont'd*

During FY 2015, the directors of the Company, collectively or on their own, attended various training programmes, seminars, briefings and/or workshops including:

- HKEx Consultation and IPO Updates
- HKEx Consultation Conclusion on Risk Management and Internal Control
- Price Control and Anti-Profiteering (Mechanism to Determine Unreasonably High Profit) (Net Profit Margin) Regulations 2014
- Main Market Listing Requirements of Bursa Malaysia Securities Berhad
- Shaking Things Up: Technology that Transforms and How to Keep Pace
- Corporate Malaysia Roundtable with Ambassador of The People's Republic of China H.E. Dr. Huang Hui Kang
- Overview of ESG Index & Industry Classification Benchmark
- Appreciation & Application of Asean Corporate Governance Scorecard
- 6th Malaysian Construction Summit 2014
- 10th World Islamic Economic Forum
- Audit Committee Conference 2015
- Enterprise Risk Management: Risk Refresher Session for Board of Directors
- HSBC Forum: China Globalising RMB Rising
- FIDE Forum: Risk From Whereof
- FIDE Forum: Managing Cybersecurity Risk in Financial Institution
- Leadership Energy Summit Asia 2014
- Nominating Committee Programme Part 2: Effective Board Evaluations
- Tax Seminar
- The Impact of Cyber Security at Board Level
- FIDE Forum: Financial Services in Turbulent Times
- Audit Oversight Board: Conversations with Audit Committee
- FIDE Forum: Impact of New Accounting Standards on Banks
- Mandatory Accreditation Programme for Directors of Public Listed Companies.

F. ACCOUNTABILITY AND AUDIT

The financial reporting and internal control system of the Group is overseen by the BARMC which comprises all independent non-executive directors. The primary responsibilities of the BARMC are set out in the Board Audit & Risk Management Committee Report.

The BARMC is supported by the Internal Audit Department whose principal responsibilities are to conduct risk-based audits to ensure that adequate and effective controls are in place to mitigate risks; operational audits to identify opportunities for operational improvement; and also ensure compliance with standard operating procedures of the Group. Investigation or special review will be carried out at the request of the BARMC and senior management on specific areas of concern when necessary. Significant breaches and deficiencies identified are discussed at the BARMC meetings where appropriate actions will be taken.

I Financial Reporting

The Board is responsible for ensuring the proper maintenance of accounting records of the Group. The Board receives the recommendation to adopt the financial statements from the BARMC which assesses the financial statements with the assistance of the external auditors.

II Risk Management and Internal Control

The Statement on Risk Management and Internal Control ("SORMIC") as detailed under paragraph I of this Statement provides an overview of the system of internal controls and risk management framework of the Group.

CORPORATE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL
... continued

F. ACCOUNTABILITY AND AUDIT *cont'd*

III Relationship with Auditors

The appointment of external auditors is recommended by the BARMC which determines the remuneration of the external auditors. The BARMC reviews the suitability and independence of the external auditors annually. The external auditors meet with the BARMC to:

- present the scope of the audit before the commencement of audit; and
- review the results of the audit as well as the management letter after the conclusion of the audit.

At least twice a year, the BARMC will have a separate session with the external auditors without the presence of management.

G. DISCLOSURE

The Company has in place a corporate disclosure policy for compliance with the disclosure requirements set out in the MMLR, and to raise awareness and provide guidance to the Board and management on the Group's disclosure requirements and practices.

All timely disclosure and material information documents will be posted on the website after release to Bursa.

H. SHAREHOLDERS

I Dialogue with Shareholders and Investors

The Board acknowledges the importance of regular communication with shareholders and investors via the annual reports, circulars to shareholders and quarterly financial reports and the various announcements made during the year, through which shareholders and investors can have an overview of the Group's performance and operation.

Notices of general meetings and the accompanying explanatory notes are provided within the prescribed notice period on the Company website, Bursa website, in the media and by post to shareholders. This allows shareholders to make the necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney.

Shareholders have the right to demand to vote by way of a poll at the general meetings for resolutions and the voting results will be announced at the meetings and through Bursa.

The Company has a website at http://www.humeind.com which the shareholders can access for information which includes the Board Charter, corporate information, announcements/press releases/briefings, financial information, products information and investor relations.

In addition, shareholders and investors can have a channel of communication with the Chief Financial Officer to direct queries and provide feedback to the Group.

Queries may be conveyed to the following person:

Name	:	Mr Soon Seong Keat
Tel No	:	03-2164 2631
Fax No	:	03-2715 4808
Email address	:	IRelations@humeind.com

CORPORATE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL
... continued

H. SHAREHOLDERS *cont'd*

II AGM

The AGM provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's performance. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions. Senior management and the external auditors are also available to respond to shareholders' queries during the AGM.

I. SORMIC

The responsibility of the Board

The Board recognises its overall responsibility for the adequacy and effectiveness of the Group's system of internal controls and risk management framework to safeguard shareholders' investment and the Group's assets.

Accordingly, the Board has entrusted the BARMC to provide oversight of the system of internal controls and risk management framework. The BARMC is assisted by the Group's Internal Audit Department in this role.

The Risk Management Framework

For FY 2015, management has maintained the risk management framework in accordance with MS ISO 31000: 2010. The framework serves to:

- establish the context of risk in relation to the Group's risk appetite;
- identify the risks faced by the Group in the operating environment;
- assess the likelihood and impact of such risks identified and hence their risk levels;
- evaluate the priority to be given to managing each risk based on its respective risk level;
- assess the adequacy and effectiveness of the existing risk mitigating measures;
- evaluate risk treatment options (i.e. changing the likelihood or consequence of the risk; and sharing, retaining or avoiding the risk) in relation to the Group's context of risk;
- develop any necessary further measures to manage these risks; and
- monitor and review risk mitigating measures, risk levels and emerging risks.

On an on-going basis, the operating company has clear accountabilities to:

- monitor its existing risks, identify emerging risks and hence update the enterprise-wide risk registers;
- maintain the adequacy, effectiveness and relevance of action plans and control systems developed to manage risks; and
- periodically prepare risk management report for reporting to the BARMC.

The System of Internal Controls

The key elements of the Group's system of internal controls are described below:

- A management structure exists with clearly defined delegation of responsibilities to the management of the Group's operating companies, including authorisation levels for all aspects of the business and operations.
- Documented corporate policies and procedures covering various aspects of the business and operations of the Group.
- Promotion of a strong internal control culture through the Group's values and ethics and also the "tone at the top".
- Diligent review of the quarterly financial results and reports and identifying the reasons for any unusual variances.
- Internal control assurance activities such as self-audits and completion of internal control questionnaires undertaken by management of the operating companies.
- Risk-based internal audits carried out by the Group's Internal Audit Department focusing on key risk areas.
- Recurring periodic reporting to the BARMC on the results of control assurance and audit activities and also the management of risks throughout the Group.

CORPORATE GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL
... continued

I. SORMIC *cont'd*

Management and Decision-Making Processes

The internal control and risk management processes of the Group are in place for the year under review and up to the date of approval of the SORMIC for inclusion in the annual report; and reviewed periodically by the BARMC. These processes are intended to manage and not expected to eliminate all risks of failure to achieve business objectives. Accordingly, they can only provide reasonable and not absolute assurance against material misstatement of management and financial information or against financial losses and fraud.

The Board has received assurance from the Group Managing Director and Chief Financial Officer that the Group's system of internal controls and risk management framework are operating adequately and effectively, in all material aspects, based on the internal control system and risk management framework of the Group.

Review of the SORMIC by External Auditors

Pursuant to Paragraph 15.23 of the MMLR, the external auditors have reviewed the SORMIC pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised) issued by the Malaysian Institute of Accountants for inclusion in the 2015 Annual Report, and reported to the Board that nothing has come to their attention that causes them to believe that the SORMIC is not prepared, in all material aspects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control Guidelines for Directors of Listed Issuers, nor is the SORMIC factually inaccurate. RPG 5 (Revised) does not require the external auditors to consider whether the SORMIC covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

J. DIRECTORS' RESPONSIBILITY IN FINANCIAL REPORTING

The MMLR requires the directors to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of the financial performance and cash flows of the Group and of the Company for the financial year.

The directors of the Company are satisfied that the financial statements of the Group and the Company for FY 2015 have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia and that the Group and the Company have adopted appropriate accounting policies and have applied them consistently.

This Statement on Corporate Governance, Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors.

BOARD AUDIT & RISK MANAGEMENT COMMITTEE REPORT

CONSTITUTION

The Board Audit & Risk Management Committee (the "Committee") of Hume Industries Berhad (formerly known as Narra Industries Berhad) ("HIB" or "the Company") has been established since 20 October 1997.

COMPOSITION

The Committee has been re-constituted as follows:

YBhg Dato' Rosman bin Abdullah
Chairman, Independent Non-Executive Director
(Redesignated as Chairman on 3 April 2015)

Mr Seow Yoo Lin
Independent Non-Executive Director

YBhg Dato' Ir. Tan Gim Foo
Independent Non-Executive Director
(Appointed on 3 April 2015)

YBhg Datuk Syed Zaid bin Syed Jaffar Albar
Independent Non-Executive Director
(Resigned on 3 April 2015)

SECRETARY

The Secretary to the Committee is Ms Joanne Leong Wei Yin who is the Company Secretary of HIB.

TERMS OF REFERENCE

- To consider and recommend the nomination, appointment and/or re-appointment of a person or persons as external auditor(s), and to consider any resignation or dismissal of the external auditors.
- To review the independence and objectivity of the external auditors and their services, including non-audit services.
- To review the external audit fees.
- To review, with the external auditors, the audit scope and plan.
- To review, with the external auditors, the audit report and audit findings and the management's response thereto.
- To review the assistance given by the Group's officers to the external auditors.
- To review the quarterly reports and annual financial statements of the Company and of the Group prior to the approval by the Board.
- To review the adequacy of the internal audit scope and plan, functions, competency and resources of the internal audit functions.
- To review the report and findings of the Internal Audit Department, including any findings of internal investigations and the management's response thereto.

BOARD AUDIT & RISK MANAGEMENT COMMITTEE REPORT
... continued

TERMS OF REFERENCE *cont'd*

- To review the adequacy and integrity of internal control systems, including risk management and management information system.
- To review the risk management framework adopted by the Group and the processes employed to identify, evaluate and manage key business risks.
- To review related party transactions that may arise within the Company or the Group, where any one of the percentage ratios (as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad) of a related party transaction triggers the requirement of announcement to Bursa Malaysia Securities Berhad.
- To review other conflict of interest situations that may arise within the Company or the Group, including any transaction, procedure or course of conduct that may raise questions of management integrity.
- Other functions as may be agreed to by the Committee and the Board.

AUTHORITY

The Committee is authorised by the Board to review any activity of the Group within its Terms of Reference. It is authorised to seek any information it requires from any director or member of management and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain independent legal or other professional advice if it considers necessary.

MEETINGS

The Committee meets at least 4 times a year and additional meetings may be called at any time as and when necessary. All meetings to review the quarterly reports and annual financial statements are held prior to such quarterly reports and annual financial statements being presented to the Board for approval.

The head of finance, head of internal audit, risk manager, Group Managing Director and senior management may attend Committee meetings, on the invitation of the Committee, to provide information and clarification required on items on the agenda. Representatives of the external auditors are also invited to attend the Committee meetings to present their audit scope and plan, audit report and findings together with management's response thereto, and to brief the Committee members on significant audit and accounting areas which they noted in the course of their audit.

Issues raised, discussions, deliberations, decisions and conclusions made at the Committee meetings are recorded in the minutes of the Committee meetings. Where the Committee is considering a matter in which a Committee member has an interest, such member abstains from reviewing and deliberating on the subject matter.

2 members of the Committee, who shall be independent, shall constitute a quorum.

After each Committee meeting, the Committee shall report and update the Board on significant issues and concerns discussed during the Committee meetings and where appropriate, make the necessary recommendations to the Board.

BOARD AUDIT & RISK MANAGEMENT COMMITTEE REPORT
... continued

ACTIVITIES

The Committee carried out its duties in accordance with its Terms of Reference.

During the financial year ended 30 June 2015 ("FY 2015"), 4 Committee meetings were held and the attendance of the Committee members were as follows:

Members	Attendance
YBhg Dato' Rosman bin Abdullah *(Redesignated as Chairman on 3 April 2015)*	4/4
Mr Seow Yoo Lin	4/4
YBhg Dato' Ir. Tan Gim Foo *(Appointed on 3 April 2015)*	1/1*
YBhg Datuk Syed Zaid bin Syed Jaffar Albar *(Resigned on 3 April 2015)*	3/3*

** Reflects the attendance and the number of meetings held during the period the Committee member held office.*

The Committee had 2 separate sessions with the external auditors without the presence of management.

The Committee reviewed the quarterly reports and annual financial statements of the Group. The Committee met with the external auditors and discussed the nature and scope of the audit, considered any significant changes in accounting and auditing issues, reviewed the management letter and management's response, reviewed pertinent issues which had significant impact on the results of the Group and discussed applicable accounting and auditing standards. The Committee reviewed the internal auditor's audit findings and recommendations.

In addition, the Committee reviewed the adequacy and integrity of internal control systems, including risk management and relevant management information system. It also reviewed the processes put in place to identify, evaluate and manage the significant risks encountered by the Group.

The Committee reviewed various related party transactions carried out by the Group.

INTERNAL AUDIT

The Internal Audit ("IA") function is carried out in-house by the IA Department of HLMG Management Co Sdn Bhd ("HMMC"), a wholly-owned subsidiary of Hong Leong Manufacturing Group Sdn Bhd ("HLMG"). The provision of the IA services is part of the shared services of companies within the HLMG Group. The total cost incurred by the IA Department of HMMC for FY 2015 amounted to RM1,519,474.

The IA Department reports to the Committee of HIB. The IA function is performed with impartiality, proficiency and due professional care. The IA Department supports the Committee of HIB in the effective discharge of its responsibilities in respect of governance, internal controls and the risk management framework of the Group.

Audit plans developed by the IA Department are submitted to the Committee for review and agreement. Internal audits are carried out as agreed. Any resulting salient control concerns are reviewed by the Committee; and the implementation status of audit recommendations are monitored and reported to the Committee on a quarterly basis.

The IA Department also facilitates the implementation and maintenance of the risk management framework of the Group on an on-going basis.

This Board Audit & Risk Management Committee Report is made in accordance with the resolution of the Board of Directors.

FINANCIAL
STATEMENTS

DIRECTORS' REPORT
for the financial year ended 30 June 2015

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding, whilst the principal activities of the subsidiaries are as stated in Note 3 to the financial statements. There have been no significant changes in the nature of these activities during the financial year except for the acquisition of subsidiary companies as stated in Note 28 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to owners of the Company	51,998	19,132

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

DIVIDEND

Since the end of the previous financial year, the Company paid an interim single tier dividend of 3.0 sen per share amounting to RM14,372,814 in respect of the financial year ended 30 June 2015 on 3 June 2015.

The Directors do not recommend a final dividend for the financial year ended 30 June 2015.

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

YBhg Datuk Kwek Leng San, Chairman
Mr Quah Thain Khan, Group Managing Director (Appointed on 28 October 2014)
YBhg Dato' Rosman bin Abdullah
Mr Seow Yoo Lin
YBhg Dato' Ir. Tan Gim Foo (Appointed on 11 December 2014)
YBhg Datuk Wira Azhar bin Abdul Hamid (Appointed on 3 April 2015)
YBhg Datuk Syed Zaid bin Syed Jaffar Albar (Resigned on 3 April 2015)

DIRECTORS' REPORT
for the financial year ended 30 June 2015
... continued

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year who had beneficial interests in the ordinary shares of the Company and/or its related corporations during the financial year ended 30 June 2015 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	Nominal value per share	Number of ordinary shares/ordinary shares received# or to be received* arising from vesting of share grant			
	RM	At 1.7.2014	Acquired	Sold	At 30.6.2015
Shareholdings in which Directors have direct interests					
Interests of YBhg Datuk Kwek Leng San in:					
Hong Leong Company (Malaysia) Berhad	1.00	117,500	–	–	**117,500**
Hong Leong Industries Berhad	0.50	2,520,000	–	–	**2,520,000**
Malaysian Pacific Industries Berhad	0.50	1,260,000	–	–	**1,260,000**
Hong Leong Bank Berhad	1.00	462,000	–	–	**462,000**
Guoco Group Limited	US$0.50	209,120	–	–	**209,120**
Hong Leong Financial Group Berhad	1.00	600,000	–	–	**600,000**
The Rank Group Plc	GBP13 8/9p	45,800	–	–	**45,800**
Hume Industries Berhad	1.00	–	2,721,600[(1)]	–	**3,118,951**
(formerly known as Narra Industries Berhad)			397,351#		
	–	–	802,649*	–	**802,649***
Interest of Quah Thain Khan in:					
Hume Industries Berhad	1.00	–	450,000#	–	**450,000**
(formerly known as Narra Industries Berhad)	–	–	1,050,000*	–	**1,050,000***
Shareholdings in which Director has indirect interest					
Interest of YBhg Datuk Kwek Leng San in:					
The Rank Group Plc	GBP13 8/9p	10,661[(2)]	–	–	**10,661**[(2)]

Legend:

[(1)] *Entitlement to new ordinary shares of RM1.00 each in Hume Industries Berhad (formerly known as Narra Industries Berhad) ("HIB") ["HIB Shares"] pursuant to the capital distribution by Hong Leong Industries Berhad ("HLI") to entitled shareholders of HLI on the basis of 1,080 new HIB Shares for every 1,000 ordinary shares held in HLI.*

[(2)] *Interest pursuant to Section 134(12)(c) of the Companies Act, 1965 in shares held by family member.*

DIRECTORS' REPORT
for the financial year ended 30 June 2015
... continued

DIRECTORS' BENEFITS

No Director of the Company has since the end of the previous financial year received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements or as fixed salary of full-time employees of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company reduced its issued and paid-up capital from RM62,187,600 comprising 62,187,600 ordinary shares of RM1.00 each to RM31,093,800 comprising 62,187,600 ordinary shares of RM0.50 each by the cancellation of RM0.50 of the par value of every existing ordinary share of RM1.00 in the Company ("Capital Reduction"). Following the Capital Reduction, the 62,187,600 ordinary shares of RM0.50 each were consolidated in such manner that every 2 of the said ordinary shares of RM0.50 each constituted 1 ordinary share of RM1.00 each, credited as fully paid-up, in the Company ("New Shares"). Such New Shares rank pari passu in all respects with each other.

Subsequently, the Company increased its issued and paid-up capital from RM31,093,800 to RM479,093,800 by the issuance of 448,000,000 new ordinary shares of RM1.00 each as consideration shares for the acquisition of the entire issued and paid-up ordinary share capital in Hume Concrete Sdn Bhd and Hume Cement Sdn Bhd ("HCMT"), and the entire 6-year 2% non-cumulative irredeemable convertible preference shares of RM1.00 each in HCMT. All the new ordinary shares issued rank pari passu with the existing ordinary shares of the Company.

The Company has not issued any debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

EXECUTIVE SHARE SCHEME ("ESS")

The Company has, on 12 November 2014 ("Effective Date"), terminated the existing executive share option scheme ("ESOS") which was implemented in year 2006 ("Termination") and implemented an executive share scheme comprising a new ESOS and an executive share grant scheme of up to 10% of the issued and paid-up ordinary shares capital (excluding treasury shares) of the Company for the benefit of eligible executives ("ESS"). The ESS would be in force for a period of 10 years from the Effective Date.

The main features of the ESS are, inter alia, as follows:

1. Eligible executives are those executives of the Group who have been confirmed in service on the date of offer or directors of the Group. The Board may from time to time at its discretion select and identify suitable eligible executives to be offered options or grants.

DIRECTORS' REPORT
for the financial year ended 30 June 2015
... continued

EXECUTIVE SHARE SCHEME ("ESS") *cont'd*

2. The aggregate number of shares comprised in:

   (i) exercised options;
   (ii) unexercised options;
   (iii) unexpired option offers and unexpired grant offers pending acceptances by the eligible executives;
   (iv) outstanding grants;
   (v) completed grants; and
   (vi) exercised options, unexercised options, outstanding grants, completed grants and unexpired offers pending acceptances, under any other executive share schemes established by the Company which are still subsisting,

   shall not exceed 10% of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company at any one time ("Maximum Aggregate").

3. The option price shall not be at a discount of more than 10% (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of the shares of the Company preceding the date of offer and shall in no event be less than the par value of the shares of the Company.

4. The exercise of the options or vesting of shares may, at the absolute discretion of the Board, be satisfied by way of issuance of new ordinary shares of RM1.00 each in the Company (unless otherwise adjusted); transfer of existing shares, or a combination of both issuance of new shares and transfer of existing shares.

5. At any point in time during the existence of the ESS, the allocation to an eligible executive who, either singly or collectively through persons connected with the eligible executive, holds 20% or more of the issued and paid-up ordinary share capital of the Company (excluding treasury shares), must not exceed 10% of the Maximum Aggregate.

6. The option offered to an option holder under the ESOS is exercisable by the option holder or the shares to be vested to a grant holder under the ESGS will be vested to the grant holder only during his employment or directorship with the Group and within the option exercise period of the ESOS, subject to any maximum limit as may be determined by the Board under the Bye-Laws of the ESS.

There were no shares and/or options over shares granted under the ESS during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent; or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading; or

DIRECTORS' REPORT
for the financial year ended 30 June 2015
... continued

OTHER STATUTORY INFORMATION *cont'd*

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person; or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, except as disclosed in the financial statements, the financial performance of the Group and of the Company for the financial year ended 30 June 2015 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

On behalf of the Board,

Quah Thain Khan

Dato' Rosman bin Abdullah

27 August 2015

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Assets					
Property, plant and equipment	4	**829,517**	9,158	**7**	–
Investments in subsidiary companies	5	**–**	–	**472,914**	23,538
Deferred tax assets	6	**8,770**	1,637	**–**	–
Tax credit receivable	7	**72,302**	–	**–**	–
Total non-current assets		**910,589**	10,795	**472,921**	23,538
Inventories	8	**89,535**	2,939	**–**	–
Trade and other receivables, including derivatives	9	**119,659**	10,017	**34**	18
Current tax assets		**321**	–	**–**	–
Dividend receivable		**–**	–	**2,900**	–
Cash and cash equivalents	10	**52,350**	7,473	**3,761**	3,743
Total current assets		**261,865**	20,429	**6,695**	3,761
Total assets		**1,172,454**	31,224	**479,616**	27,299
Equity					
Share capital	11	**479,094**	62,188	**479,094**	62,188
Reserves	12	**(75,553)**	(44,109)	**146**	(35,707)
Total equity attributable to owners of the Company		**403,541**	18,079	**479,240**	26,481
Liabilities					
Loans and borrowings	13	**296,063**	–	**–**	–
Deferred tax liabilities	6	**43,487**	–	**–**	–
Deferred income	14	**61,664**	–	**–**	–
Employee benefits	15(a)	**1,128**	127	**–**	–
Total non-current liabilities		**402,342**	127	**–**	–
Trade and other payables	16	**231,170**	13,018	**376**	818
Loans and borrowings	13	**131,403**	–	**–**	–
Deferred income	14	**3,627**	–	**–**	–
Current tax liabilities		**371**	–	**–**	–
Total current liabilities		**366,571**	13,018	**376**	818
Total liabilities		**768,913**	13,145	**376**	818
Total equity and liabilities		**1,172,454**	31,224	**479,616**	27,299

The notes on pages 45 to 90 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Revenue	17	**472,772**	40,546	**21,005**	140
Cost of goods sold		**(292,666)**	(18,763)	**–**	–
Contract cost		**(15,456)**	(20,501)	**–**	–
Gross profit		**164,650**	1,282	**21,005**	140
Distribution expenses		**(58,814)**	(847)	**–**	–
Administration expenses		**(25,991)**	(6,346)	**(1,888)**	(3,371)
Other operating expenses		**(7,591)**	(390)	**–**	(1)
Other operating income		**8,030**	204	**6**	7
Results from operations		**80,284**	(6,097)	**19,123**	(3,225)
Interest income		**418**	44	**10**	9
Finance costs		**(11,321)**	–	**–**	–
Profit/(Loss) before taxation	18	**69,381**	(6,053)	**19,133**	(3,216)
Taxation	19	**(17,383)**	608	**(1)**	1
Profit/(Loss) for the year attributable to owners of the Company		**51,998**	(5,445)	**19,132**	(3,215)
Basic earnings/(loss) per ordinary share (sen)	20	**15.17**	(17.51)		
Profit/(Loss) for the year		**51,998**	(5,445)	**19,132**	(3,215)
Other comprehensive income/ (expense), net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		**59**	(6)	**–**	–
Cash flow hedge		**1,970**	–	**–**	–
Other comprehensive income/ (expense) for the year	21	**2,029**	(6)	**–**	–
Total comprehensive income/ (expense) for the year attributable to owners of the Company		**54,027**	(5,451)	**19,132**	(3,215)

The notes on pages 45 to 90 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2015

Group	Share capital RM'000	Translation reserve RM'000	Hedge reserve RM'000	Accumulated losses RM'000	Total equity RM'000
At 1 July 2013	62,188	1	–	(38,659)	23,530
Loss for the year	–	–	–	(5,445)	(5,445)
Other comprehensive expense					
- Foreign currency translation differences	–	(6)	–	–	(6)
Total comprehensive expense for the year	–	(6)	–	(5,445)	(5,451)
At 30 June 2014/1 July 2014	62,188	(5)	–	(44,104)	18,079
Profit for the year	–	–	–	51,998	51,998
Other comprehensive income					
- Foreign currency translation differences	–	59	–	–	59
- Cash flow hedge	–	–	1,970	–	1,970
Total comprehensive income for the year	–	59	1,970	51,998	54,027
Contributions by and distribution to owners of the Company					
Dividends (Note 22)	–	–	–	(14,373)	(14,373)
Capital reduction	(31,094)	–	–	31,094	–
Issue of ordinary shares	448,000	–	–	–	448,000
Total transaction with owners of the Company	416,906	–	–	16,721	433,627
Goodwill on acquisition of common control subsidiary companies (Note 28)	–	–	–	(102,192)	(102,192)
At 30 June 2015	**479,094**	**54**	**1,970**	**(77,577)**	**403,541**
	Note 11	Note 12	Note 12	Note 12	

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2015

... continued

Company	Share capital RM'000	(Accumulated losses)/ Retained earnings RM'000	Total equity RM'000
At 1 July 2013	62,188	(32,492)	29,696
Loss and total comprehensive expense for the year	–	(3,215)	(3,215)
At 30 June 2014/1 July 2014	62,188	(35,707)	26,481
Profit and total comprehensive income for the year	–	19,132	19,132
Contributions by and distributions to owners of the Company			
Dividends (Note 22)	–	(14,373)	(14,373)
Capital reduction	(31,094)	31,094	–
Issue of ordinary shares	448,000	–	448,000
Total transaction with owners of the Company	416,906	16,721	433,627
At 30 June 2015	**479,094**	**146**	**479,240**
	Note 11	Note 12	

The notes on pages 45 to 90 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
for the year ended 30 June 2015

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Cash flows from operating activities				
Profit/(Loss) before taxation	**69,381**	(6,053)	**19,133**	(3,216)
Adjustments for:				
Amortisation of deferred income	**(2,129)**	–	**–**	–
Depreciation of property, plant and equipment	**24,124**	602	**–**	–
Dividend income	**(348)**	(227)	**(21,005)**	(140)
Fair value loss on forward exchange contracts	**739**	–	**–**	–
Fair value gain on financial instruments designated as hedge instruments	**(297)**	–	**–**	–
Finance costs	**11,321**	–	**–**	–
Gain on disposal of property, plant and equipment	**(114)**	–	**–**	–
Interest income	**(418)**	(44)	**(10)**	(9)
Property, plant and equipment written off	**1,463**	–	**–**	–
Provision for retirement benefits	**28**	11	**–**	–
Unrealised loss/(gain) on foreign exchange	**1,557**	(103)	**–**	–
Operating profit/(loss) before working capital changes	**105,307**	(5,814)	**(1,882)**	(3,365)
Inventories	**2,044**	821	**–**	–
Trade and other receivables	**(13,353)**	8,503	**(16)**	(5)
Trade and other payables	**101,441**	(6,582)	**(399)**	557
Cash generated from/(used in) operations	**195,439**	(3,072)	**(2,297)**	(2,813)
Taxation (paid)/refunded	**(792)**	(48)	**(1)**	1
Interest income received	**418**	44	**10**	9
Finance costs paid	**(11,321)**	–	**–**	–
Retirement benefits paid	**(4)**	(4)	**–**	–
Dividend received				
- Subsidiary companies	**–**	–	**18,000**	–
- Other investments	**348**	227	**105**	140
Net cash generated from/(used in) operating activities	**184,088**	(2,853)	**15,817**	(2,663)

STATEMENTS OF CASH FLOWS
for the year ended 30 June 2015
... continued

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash flows from investing activities				
Acquisition of subsidiary companies, net of cash and cash equivalents acquired/(paid)	**94,528**	–	**(1,376)**	–
Proceeds from disposal of property, plant and equipment	**308**	–	**–**	–
Acquisition of property, plant and equipment	**(286,317)**	(550)	**(7)**	–
Net cash used in investing activities	**(191,481)**	(550)	**(1,383)**	–
Cash flows from financing activities				
Dividends paid to owners of the Company	**(14,373)**	–	**(14,373)**	–
Drawdown of borrowings	**106,584**	–	**–**	–
Repayment of borrowings	**(40,000)**	–	**–**	–
Advances to a subsidiary	**–**	–	**(43)**	(289)
Net cash generated from/(used in) financing activities	**52,211**	–	**(14,416)**	(289)
Net change in cash and cash equivalents	**44,818**	(3,403)	**18**	(2,952)
Effect of exchange rate fluctuations on cash held	**59**	(6)	**–**	–
Cash and cash equivalents at 1 July	**7,473**	10,882	**3,743**	6,695
Cash and cash equivalents at 30 June	**52,350**	7,473	**3,761**	3,743

Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposits placed with licensed banks	**27,429**	5,900	**3,690**	3,600
Cash and bank balances	**24,921**	1,573	**71**	143
	52,350	7,473	**3,761**	3,743

The notes on pages 45 to 90 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Hume Industries Berhad (formerly known as Narra Industries Berhad) ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of its registered office and principal place of business is as follows:

Level 9, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur.

The immediate and ultimate holding companies are Hong Leong Manufacturing Group Sdn Bhd and Hong Leong Company (Malaysia) Berhad respectively, both incorporated in Malaysia.

The consolidated financial statements of the Company as at and for the financial year ended 30 June 2015 comprise the Company and its subsidiaries (together referred to as "the Group"). The financial statements of the Company as at and for the financial year ended 30 June 2015 do not include other entities.

The Company is an investment holding company, whilst the principal activities of the subsidiaries are as stated in Note 3 to the financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 27 August 2015.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared on the historical cost basis, other than as those disclosed in Note 2.2 to the financial statements.

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the Companies Act, 1965 in Malaysia.

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS
... continued

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for on the date of acquisition. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain/loss is recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS
... continued

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of significant accounting policies *cont'd*

(a) Basis of consolidation *cont'd*

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

NOTES TO THE FINANCIAL STATEMENTS
... continued

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of significant accounting policies *cont'd*

(b) Foreign currency *cont'd*

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 July 2011 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations are translated to RM at average exchange rates for the year.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of significant accounting policies *cont'd*

(c) Financial instruments *cont'd*

(ii) Financial instrument categories and subsequent measurement *cont'd*

Financial assets *cont'd*

(b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see note 2.2(h)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

NOTES TO THE FINANCIAL STATEMENTS
... continued

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of significant accounting policies *cont'd*

(c) Financial instruments *cont'd*

(iv) Hedge accounting

Fair value hedge

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the profit or loss.

In a fair value hedge, the gain or loss from remeasuring the hedging instrument at fair value or the foreign currency component of its carrying amount translated at the exchange rate prevailing at the end of the reporting period is recognised in profit or loss. The gain or loss on the hedged item, except for hedge item categorised as available-for-sale, attributable to the hedged risk is adjusted to the carrying amount of the hedged item and recognised in profit or loss. For a hedge item categorised as available-for-sale, the fair value gain or loss attributable to the hedge risk is recognised in profit or loss.

Fair value hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective or the hedge designation is revoked.

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
... continued

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of significant accounting policies *cont'd*

(c) Financial instruments *cont'd*

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at cost less any accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after making proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other operating income" or "other operating expenses" respectively in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
... continued

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of significant accounting policies *cont'd*

(d) Property, plant and equipment *cont'd*

(ii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component are depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• Leasehold land	Over period of lease
• Buildings	Lease period or 50 years, whichever is shorter
• Plant and machinery	4 - 45 years
• Office equipments, fittings, software, spare parts and motor vehicles	5 - 20 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of significant accounting policies *cont'd*

(e) Leased assets *cont'd*

(i) Finance lease *cont'd*

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of the ownership are classified as operating leases except for property interest held under operating lease, and the leased assets are not recognised on the statements of financial position.

Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is clasified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(g) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value.

(h) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss and investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

NOTES TO THE FINANCIAL STATEMENTS
... continued

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of significant accounting policies *cont'd*

(h) Impairment *cont'd*

(i) Financial assets *cont'd*

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units (group of cash-generating units) and then to reduce the carrying amount of the other assets in the cash-generating unit (or a group of cash-generating units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

NOTES TO THE FINANCIAL STATEMENTS
... continued

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of significant accounting policies *cont'd*

(i) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(j) Employee benefits

(i) Short term employee benefits

Short term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's and the Company's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(ii) Defined benefit plans

The Group operates an unfunded defined benefit scheme for eligible employees. The present value of the defined benefit obligation as required by MFRS 119, Employee Benefits has not been used in deriving the provision, as the amount involved is not material to the Group and the Company. Accordingly, no further disclosure as required by the standard is made.

(iii) Share-based payments

The Group operates an equity-settled, share-based compensation plan for the employees of the Group under the Hume Industries Berhad (formerly known as Narra Industries Berhad) ("HIB")'s Executive Share Scheme ("ESS").

In connection with the ESS, a trust has been set up and is administered by an appointed trustee ("ESS Trust"). The trustee will be entitled, from time to time, to accept advances from the Group, upon such terms and conditions as the Group and the trustee may agree, to purchase the Company's shares from the open market for the ESS Trust ("Trust Shares").

The fair value of the share options or grant offers granted to employees is recognised as an employment cost with a corresponding increase in the executive share scheme reserve over the vesting period. When the share options are exercised or grant offers are completed, the amount from the executive share scheme reserve is transferred to retained earnings. When the share options not exercised or grant offers not completed are expired, the amount from the executive share scheme reserve is transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS
... continued

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of significant accounting policies *cont'd*

(j) Employee benefits *cont'd*

(iii) Share-based payments *cont'd*

The fair value of the share options is measured using Black Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

The ESS Trusts for HIB are consolidated into the Group's consolidated financial statements as a deduction from equity and classified as reserves for own shares. Dividends received by the ESS Trusts are eliminated against the Company's dividend payment.

(k) Provisions

A provision is recognised if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(l) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, and trade discount. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Contract revenue

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the profit or loss in proportion to the stage of completion of the contract. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably.

The stage of completion is assessed by reference to completion of a physical proportion of the contract work. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of significant accounting policies *cont'd*

(l) Revenue and other income *cont'd*

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(m) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(n) Taxation

Taxation comprises current and deferred taxation. Current taxation and deferred taxation are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current taxation is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred taxation is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred taxation is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred taxation is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
... continued

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of significant accounting policies *cont'd*

(n) Taxation *cont'd*

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

The Group and the Company regard the unutilised investment tax allowance as investment tax credits ("ITCs") and this ITCs are recognised using accounting treatment similar to that of a government grant. Unutilised investment tax allowance to the extent that it is probable that the future taxable profit will be available against the unutilised investment tax allowance can be utilised are recognised as a tax credit available and correspondingly deferred income.

The tax credit receivable will be charged out to the profit or loss based on the utilisation of investment tax allowance in each financial period. Deferred income, on the other hand, will be amortised over the estimated remaining useful lives of the assets concerned.

(o) Earnings per ordinary share

The Group presents basic earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

(p) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

NOTES TO THE FINANCIAL STATEMENTS
... continued

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.2 Summary of significant accounting policies *cont'd*

(q) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(r) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

NOTES TO THE FINANCIAL STATEMENTS
... continued

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

2.3 Statement of compliance

The following are accounting standards, amendments and interpretations of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128*, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 10, *Consolidated Financial Statements,* MFRS 12*, Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138*, Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141*, Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*

The Group and the Company plans to apply the abovementioned accounting standards, amendments and interpretations, where applicable:

- from the annual period beginning on 1 July 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016;

- from the annual period beginning on 1 July 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 Junuary 2017; and

- from the annual period beginning on 1 July 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

The Group is currently assessing the financial impact that may arise from the initial application of the abovementioned accounting standards, amendments and interpretations.

NOTES TO THE FINANCIAL STATEMENTS
... continued

3. COMPANIES IN THE GROUP

The principal activities of the companies in the Group, their country of incorporation and the effective interest of Hume Industries Berhad (formerly known as Narra Industries Berhad) are shown below:

Name of company	Country of incorporation	Effective interest 2015 %	Effective interest 2014 %	Principal activities
Subsidiary Companies				
Hume Cement Sdn Bhd^	Malaysia	100	–	Manufacture and sale of cement and cement related products.
Hume Concrete Sdn Bhd^	Malaysia	100	–	Manufacture of concrete products and investment holding.
• Hume Concrete (EM) Sdn Bhd^	Malaysia	100	–	Manufacture and sale of concrete and related products.
• Hume Concrete Marketing Sdn Bhd^	Malaysia	100	–	Marketing of concrete and related products.
• Hume Concrete Products Research Centre Sdn Bhd^	Malaysia	100	–	Research and development of concrete products.
Hume Furniture Industries Sdn Bhd	Malaysia	100	100	Design, manufacture and supply of furniture and interior design fit-out works, and investment holding.
• Top Master Construction (Philippines), Inc.*	Philippines	100	100	Dormant.

Notes:
- • Sub-subsidiary companies.
- * The financial statements of this subsidiary company is not audited by member firms of KPMG International.
- ^ These subsidiaries were newly acquired by the Company on 20 October 2014.

NOTES TO THE FINANCIAL STATEMENTS
... continued

4. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Office equipments, fittings, software, spare parts and motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Cost						
At 1 July 2013	2,908	7,938	3,170	1,800	–	15,816
Additions	–	–	327	223	–	550
At 30 June 2014/1 July 2014	2,908	7,938	3,497	2,023	–	16,366
Additions	–	108	337	8,842	277,030	286,317
Acquisition of subsidiary companies	47,486	66,772	581,918	26,186	1,364	723,726
Disposal	–	–	(177)	(983)	–	(1,160)
Written off	–	–	–	(1,993)	–	(1,993)
Reclassification	–	192	1,932	490	(2,614)	–
At 30 June 2015	50,394	75,010	587,507	34,565	275,780	1,023,256
Accumulated depreciation						
At 1 July 2013	700	1,726	2,863	1,317	–	6,606
Charge for the year	72	182	158	190	–	602
At 30 June 2014/1 July 2014	772	1,908	3,021	1,507	–	7,208
Acquisition of subsidiary companies	6,948	26,551	121,520	8,884	–	163,903
Charge for the year	691	1,114	18,788	3,531	–	24,124
Disposal	–	–	(6)	(960)	–	(966)
Written off	–	–	–	(530)	–	(530)
At 30 June 2015	8,411	29,573	143,323	12,432	–	193,739
Carrying amounts						
At 1 July 2013	2,208	6,212	307	483	–	9,210
At 30 June 2014/1 July 2014	2,136	6,030	476	516	–	9,158
At 30 June 2015	41,983	45,437	444,184	22,133	275,780	829,517

During the financial year, the finance costs from bank borrowings capitalised in the property, plant and equipment amounted to RM631,000 (2014: Nil).

As at 30 June 2015, the leasehold land of the Group with carrying amount of RM32,730,000 (2014: Nil) is charged to secure bank borrowings granted to a subsidiary Company as disclosed in Note 13. The said charge was released subsequent to the financial year end.

NOTES TO THE FINANCIAL STATEMENTS
... continued

4. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Company	Office equipment RM '000
Cost	
At 1 July 2014	–
Addition	7
At 30 June 2015	7
Accumulated depreciation	
At 1 July 2014/30 June 2015	–
Carrying amounts	
At 30 June 2015	7

Land

Included in the total carrying amount of land are:

	Group	
	2015 RM'000	**2014 RM'000**
Leasehold land with unexpired lease period more than 50 years	**11,379**	–
Leasehold land with unexpired lease period less than 50 years	**30,604**	–
	41,983	–

5. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2015 RM'000	**2014 RM'000**
Unquoted shares, at cost	**504,910**	55,534
Less: Accumulated impairment loss	**(31,996)**	(31,996)
	472,914	23,538

Impairment losses are recognised based on the excess of carrying amount over its recoverable amounts, which is determined based on either the fair value of the net assets of the subsidiary companies or the recoverable amount of the cash-generating unit based on value in use and the fair value less costs of disposal whichever is higher.

During the financial year, the Company has completed the acquisitions of the entire equity interests in Hume Concrete Sdn Bhd and Hume Cement Sdn Bhd as disclosed in Note 28.

The subsidiary companies and their principal activities are shown in Note 3 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
... continued

6. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

Group	Assets 2015 RM'000	Assets 2014 RM'000	Liabilities 2015 RM'000	Liabilities 2014 RM'000	Net 2015 RM'000	Net 2014 RM'000
Property, plant and equipment	**–**	–	**(56,151)**	(975)	**(56,151)**	(975)
Other deductible temporary differences	**9,469**	244	**–**	–	**9,469**	244
Tax losses carry forward	**12,013**	2,232	**–**	–	**12,013**	2,232
Unabsorbed capital allowances	**13**	159	**–**	–	**13**	159
Other items	**–**	–	**(61)**	(23)	**(61)**	(23)
Deferred assets/(liabilities)	**21,495**	2,635	**(56,212)**	(998)	**(34,717)**	1,637
Set off of tax	**(12,725)**	(998)	**12,725**	998	**–**	–
Net tax assets/(liabilities)	**8,770**	1,637	**(43,487)**	–	**(34,717)**	1,637

Deferred tax assets and liabilities are offset above where there is a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes relate to the same taxation authority.

Movement in temporary differences during the year

Group	At 1.7.2013 RM'000	Recognised in profit or loss (Note 19) RM'000	At 30.6.2014/ 1.7.2014 RM'000	Recognised in profit or loss (Note 19) RM'000	Acquired of subsidiary companies (Note 28) RM'000	Recognised in other comprehensive income (Note 21) RM'000	At 30.6.2015 RM'000
Property, plant and equipment	(1,015)	40	(975)	(18,441)	(37,076)	341	**(56,151)**
Other deductible temporary differences	143	101	244	1,967	7,258	–	**9,469**
Tax losses carry forward	1,893	339	2,232	(889)	10,670	–	**12,013**
Unabsorbed capital allowances	–	159	159	(146)	–	–	**13**
Other items	3	(26)	(23)	743	217	(998)	**(61)**
	1,024	613	1,637	(16,766)	(18,931)	(657)	**(34,717)**

NOTES TO THE FINANCIAL STATEMENTS
... continued

7. TAX CREDIT RECEIVABLE

This represents unutilised investment tax allowance recognised.

8. INVENTORIES

	Group 2015 RM'000	Group 2014 RM'000
Raw materials, consumables and engineering spares	**50,345**	1,969
Work-in-progress	**339**	880
Finished goods	**38,851**	90
	89,535	2,939
Recognised in profit or loss:		
Inventories recognised as cost of goods sold/contract cost	**221,684**	29,392
Inventories written down	**4,772**	385
	226,456	29,777

9. TRADE AND OTHER RECEIVABLES, INCLUDING DERIVATIVES

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Trade					
Trade receivables					
- Third parties		**90,566**	6,329	**–**	–
- Related companies	9.1	**8,297**	3,150	**–**	–
		98,863	9,479	**–**	–
Less: Allowance for impairment losses		**(1,544)**	(40)	**–**	–
		97,319	9,439	**–**	–

NOTES TO THE FINANCIAL STATEMENTS
... continued

9. TRADE AND OTHER RECEIVABLES, INCLUDING DERIVATIVES *cont'd*

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-trade					
Other receivables		**14,199**	2	**1**	1
Deposits		**596**	150	**7**	7
Prepayments		**2,675**	426	**26**	10
Derivative used for hedging					
- forward exchange contract		**4,288**	–	**–**	–
Derivative held for trading at fair value through profit or loss					
- interest rate swap	9.2	**582**	–	**–**	–
		22,340	578	**34**	18
		119,659	10,017	**34**	18

Note 9.1
The amounts due from related companies are subject to the normal trade terms.

Note 9.2
The total notional value of the interest rate swap as at 30 June 2015 was RM150,000,000 (2014: Nil).

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposits placed with licensed banks	**27,429**	5,900	**3,690**	3,600
Cash and bank balances	**24,921**	1,573	**71**	143
	52,350	7,473	**3,761**	3,743

Included in the cash and cash equivalents are the following balances placed with a related company arising from normal business transactions:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposits placed with licensed banks	**27,429**	5,900	**3,690**	3,600
Cash and bank balances	**11,422**	1,072	**66**	99
	38,851	6,972	**3,756**	3,699

NOTES TO THE FINANCIAL STATEMENTS
... continued

11. SHARE CAPITAL

	Group and Company			
	No. of shares 2015 '000	Amount 2015 RM'000	No. of shares 2014 '000	Amount 2014 RM'000
Ordinary shares of RM1.00 each				
Authorised:				
At 1 July	**350,000**	**350,000**	350,000	350,000
Increased during the year	**250,000**	**250,000**	–	–
At 30 June	**600,000**	**600,000**	350,000	350,000
Issued and fully paid:				
At 1 July	**62,188**	**62,188**	62,188	62,188
Capital reduction	**(31,094)**	**(31,094)**	–	–
Issued during the year	**448,000**	**448,000**	–	–
At 30 June	**479,094**	**479,094**	62,188	62,188

12. RESERVES

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Hedging reserve	12.1	**1,970**	–	**–**	–
Translation reserve	12.2	**54**	(5)	**–**	–
(Accumulated losses)/Retained earnings		**(77,577)**	(44,104)	**146**	(35,707)
		(75,553)	(44,109)	**146**	(35,707)

Note 12.1
The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

Note 12.2
The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

NOTES TO THE FINANCIAL STATEMENTS
... continued

13. LOANS AND BORROWINGS

		Group	
	Note	2015 RM'000	2014 RM'000
Non-current			
(Secured)			
Term loans	13.1	**296,063**	–
		296,063	–
Current			
(Secured)			
Term loans	13.1	**35,118**	–
(Unsecured)			
Bankers acceptances		**12,070**	–
Revolving credit		**84,215**	–
		131,403	–
		427,466	–

Note 13.1
The term loans are secured by leasehold land of a subsidiary company as disclosed in Note 4 to the financial statements. The said charge was released subsequent to the financial year end.

The term loans are also secured by a floating charge over the property, plant and equipment of the subsidiary company.

The interest rates for the following facilities are:

	Group	
	2015 %	2014 %
Terms loans	**3.8 – 4.9**	–
Bankers acceptances	**3.5 – 3.8**	–
Revolving credit	**3.8 – 4.5**	–

14. DEFERRED INCOME

	Group	
	2015 RM'000	2014 RM'000
Non-current		
Investment tax allowance	**61,664**	–
Current		
Investment tax allowance	**3,627**	–
	65,291	–

The tax benefits arising from investment tax allowance are being amortised over the estimated useful lives of the underlying plant and equipment for which investment tax allowances were claimed. During the financial year, a total of RM2,129,000 has been amortised and recognised as other operating income in profit or loss of the Group.

NOTES TO THE FINANCIAL STATEMENTS
... continued

15. EMPLOYEE BENEFITS

(a) Retirement benefits

	Group	
	2015 RM'000	2014 RM'000
At 1 July	**127**	120
Provision	**28**	11
Payments	**(4)**	(4)
Acquisition of subsidiary companies	**977**	–
At 30 June	**1,128**	127

(b) Share-based payments

The Company has, on 12 November 2014 ("Effective Date"), terminated the existing executive share option scheme ("ESOS") which was implemented in year 2006 ("Termination") and implemented an executive share scheme comprising a new ESOS and an executive share grant scheme of up to 10% of the issued and paid-up ordinary shares capital (excluding treasury shares) of the Company for the benefit of eligible executives ("ESS"). The ESS would be in force for a period of 10 years from the Effective Date.

During the financial year, there were no shares and/or options over shares granted under the ESS.

16. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade					
Trade payables					
- Third parties		**78,348**	9,618	**–**	–
- Related companies	16.1	**4,954**	1,032	**–**	–
		83,302	10,650	**–**	–
Non-trade					
Amount due to related companies	16.2	**744**	317	**–**	300
Amount due to a subsidiary	16.2	**–**	–	**–**	43
Other payables	16.3	**111,150**	1,279	**–**	–
Accrued expenses		**35,974**	772	**376**	475
		147,868	2,368	**376**	818
		231,170	13,018	**376**	818

Note 16.1
The amounts due to related companies are subject to the normal trade terms.

Note 16.2
The amounts due to related companies and a subsidiary are unsecured, interest free and repayable on demand.

Note 16.3
Included in other payables are amounts owing to the contractor for the construction of the new cement plant amounting to RM93,172,236.

NOTES TO THE FINANCIAL STATEMENTS
... continued

17. REVENUE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Sales of goods	**454,541**	17,768	**–**	–
Contract revenue	**18,055**	22,551	**–**	–
Dividend income	**176**	227	**21,005**	140
	472,772	40,546	**21,005**	140

18. PROFIT/(LOSS) BEFORE TAXATION

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit/(Loss) before taxation is arrived at after charging/(crediting):				
Auditors' remuneration				
Statutory audit				
- Holding company's auditors	**167**	42	**27**	24
- Other auditors	**4**	4	**–**	–
Other services				
- Holding company's auditors	**23**	235	**13**	235
Depreciation of property, plant and equipment	**24,124**	602	**–**	–
Amortisation of deferred income	**(2,129)**	–	**–**	–
Directors' remuneration (Key management personnel)				
Executive Directors				
- Other emoluments	**1,542**	–	**–**	–
Non-Executive Directors				
- Fees	**213**	120	**213**	120
- Other emoluments	**107**	53	**107**	53
	320	173	**320**	173
Personnel expenses:				
- Wages, salaries and others	**25,270**	7,541	**–**	–
- Contribution to Employees Provident Fund	**2,369**	536	**–**	–
Rental expense in respect of:				
- Premises	**840**	13	**13**	13
- Equipment	**2,222**	–	**–**	–
Dividend income				
- Unquoted subsidiary companies	**–**	–	**(20,900)**	–
- Investment in unit trust	**(348)**	(227)	**(105)**	(140)
Interest income	**(418)**	(44)	**(10)**	(9)

NOTES TO THE FINANCIAL STATEMENTS
... continued

18. PROFIT/(LOSS) BEFORE TAXATION *cont'd*

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Profit/(Loss) before taxation is arrived at after charging/(crediting): *cont'd*				
Finance costs				
- Term loans	**10,346**	–	**–**	–
- Others	**975**	–	**–**	–
Fair value loss on forward exchange contracts	**739**	–	**–**	–
Fair value gain on financial intruments designated as hedge instruments	**(297)**	–	**–**	–
Gain on disposal of property, plant and equipment	**(114)**	–	**–**	–
Property, plant & equipment written off	**1,463**	–	**–**	–
Loss/(Gain) on foreign exchange				
- Realised	**(2,811)**	(12)	**–**	–
- Unrealised	**1,557**	(103)	**–**	–
Provision for retirement benefits	**28**	11	**–**	–
Impairment loss on trade receivables	**182**	–	**–**	–
Inventories written down	**4,772**	385	**–**	–

The estimated monetary value of Executive Directors' benefits-in-kind of the Group is RM27,734 (2014: RM Nil).

19. TAXATION

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Current taxation				
Malaysian				
- Current year	**435**	10	**2**	1
- Prior years	**182**	(5)	**(1)**	(2)
	617	5	**1**	(1)
Deferred taxation				
- Current year	**16,698**	(662)	**–**	–
- Prior years	**68**	49	**–**	–
	16,766	(613)	**–**	–
	17,383	(608)	**1**	(1)

NOTES TO THE FINANCIAL STATEMENTS
... continued

19. TAXATION *cont'd*

The reconciliation of income tax applicable to profit/(loss) before taxation at the statutory income tax rate to income tax at the effective tax rate of the Group and of the Company are as follows:

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Profit/(Loss) before taxation	**69,381**	(6,053)	**19,133**	(3,216)
Taxation at Malaysian statutory tax rate of 25%	**17,345**	(1,513)	**4,783**	(804)
Effect of changes in tax rate *	**(1,310)**	–	**–**	–
Non-deductible expenses	**2,090**	918	**470**	840
Non-taxable income	**(992)**	(57)	**(5,251)**	(35)
	17,133	(652)	**2**	1
Under/(Over) provision in prior years	**250**	44	**(1)**	(2)
	17,383	(608)	**1**	(1)

*Effective from Year of Assessment 2016 onwards, the applicable tax rate will be reduced by 1% from 25% to 24%.

20. EARNINGS/(LOSS) PER ORDINARY SHARE

Basic earnings/(loss) per ordinary share

The basic earnings/(loss) per ordinary share is calculated by dividing the Group's profit attributable to owners of the Company of RM51,998,000 (2014: Group's losses attributable to owners of the Company of RM5,445,000) by the weighted average number of ordinary shares outstanding during the financial year of 342,852,704 (2014: 31,093,800) as follows:

Weighted average number of ordinary shares:

	2015 '000	**2014 '000**
Issued ordinary shares at 1 July	**62,188**	62,188
Less: Capital reduction	**(31,094)**	(31,094)
	31,094	31,094
Effect of issues of ordinary shares	**311,759**	–
Weighted average number of ordinary shares at 30 June	**342,853**	31,094

Diluted earnings per ordinary share

The Group has no dilution in its earnings per ordinary share in the current and previous financial year as there are no dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS
... continued

21. OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR

2015	Before Tax RM'000	Tax (expense)/ benefit RM'000	Net of tax RM'000
Items that are or may be reclassified subsequently to profit or loss			
Cash flow hedge			
- Gain arising during the year	**4,288**	**(1,072)**	**3,216**
- Reclassification adjustments for gain included in profit or loss	**(297)**	**74**	**(223)**
- Gain capitalised to initial carrying amount of hedge items	**(1,364)**	**341**	**(1,023)**
	2,627	**(657)**	**1,970**
Foreign currency translation differences for foreign operations			
- Gain arising during the year	**59**	**–**	**59**
	2,686	**(657)**	**2,029**
2014			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations			
- Loss arising during the year	(6)	–	(6)

22. DIVIDENDS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interim single tier				
3.0 sen per share (2014: Nil)	**14,373**	–	**14,373**	–

23. OPERATING SEGMENT

The Board of Directors reviews internal management reports at least on a quarterly basis. Operating segments are components in which separate financial information that is available and is evaluated regularly by the Board of Directors on deciding how to allocate resources and in assessing its performance. During the financial year, the Group has identified the business of construction materials includes the manufacture and sale of cement, concrete and related products as its sole operating segment.

Other non-reportable segments comprise operations relating to the design, manufacture and supply of furniture and interior design fit-out works, and investment holding. These segments did not meet the quantitative thresholds for reporting segments in the current financial year. However, the design, manufacture and supply of furniture and interior design fit-out works was the sole reportable operating segment in the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS
... continued

23. OPERATING SEGMENT *cont'd*

Segment profit/(loss)

Performance is measured based on segment profit/(loss) before interest income, finance cost and taxation as included in the internal management reports that are reviewed by the Board of Directors.

Segment assets

Segment assets information is not presented to the Board of Directors and hence, no disclosure is made on the segment asset.

Segment liabilities

Segment liabilities information is not presented to the Board of Directors and hence, no disclosure is made on the segment liabilities.

	Construction materials 2015 RM'000	Design, manufacture supply of furniture and interior design fit-out works 2014 RM'000
Reportable segment profit/(loss)	**81,406**	(2,959)
Included in the measure of segment profit/(loss) are:		
Revenue from external customers	**429,916**	40,319
Depreciation	**(23,549)**	(602)
Property, plant and equipment written off	**(1,462)**	–

Reconciliation of reportable segment profit/(loss)

	2015 RM'000	2014 RM'000
Profit/(Loss)		
Reportable segment	**81,406**	(2,959)
Non-reportable segment	**(1,122)**	(3,138)
Interest income	**418**	44
Finance costs	**(11,321)**	–
Consolidated profit/(loss) before taxation	**69,381**	(6,053)

NOTES TO THE FINANCIAL STATEMENTS
... continued

23. OPERATING SEGMENT *cont'd*

	2015 External revenue RM'000	2015 Depreciation and amortisation RM'000	2014 External revenue RM'000	2014 Depreciation and amortisation RM'000
Reportable segments	**429,916**	**23,549**	40,319	602
Non-reportable segments	**42,856**	**575**	227	–
Total	**472,772**	**24,124**	40,546	602

Geographical segments

Revenue of the Group by geographical locations of the customers is as follows:

	Revenue 2015 RM'000	Revenue 2014 RM'000
United States of America	**367**	324
Malaysia	**430,470**	22,814
Europe	**21,064**	13,952
Others	**20,871**	3,456
	472,772	40,546

Non-current assets of the Group are maintained within Malaysia as at the end of the current and previous financial year.

Major customer

During the financial year, there were no revenue from one single customer that contributed to more than 10% of the Group's revenue.

24. RELATED PARTIES

Identity of related parties

The Group has related party transactions with corporations which are related to the Directors and/or major shareholders of the Company and/or related corporations and/or persons connected with them as follows:

i. Hong Leong Company (Malaysia) Berhad ("HLCM") is a major shareholder of the Company through Hong Leong Manufacturing Group Sdn Bhd ("HLMG"). YBhg Tan Sri Quek Leng Chan is a major shareholder of the Company, HLMG and HLCM, and a Director of HLCM and HLMG. YBhg Datuk Kwek Leng San is a Director of the Company, HLMG and HLCM, and a shareholder of the Company and HLCM. Mr Kwek Leng Beng is a Director of HLCM, and a major shareholder of the Company and HLCM. Mr Quek Leng Chye and Mr Kwek Leng Kee are major shareholders of the Company and HLCM. YBhg Tan Sri Quek Leng Chan, YBhg Datuk Kwek Leng San and Mr Quek Leng Chye are brothers. HLCM is a person connected with YBhg Tan Sri Quek Leng Chan, YBhg Datuk Kwek Leng San, Mr Quek Leng Chye, Mr Kwek Leng Beng and Mr Kwek Leng Kee;

NOTES TO THE FINANCIAL STATEMENTS
... continued

24. RELATED PARTIES *cont'd*

Identity of related parties *cont'd*

ii. Tasek Corporation Berhad ("Tasek") is a person connected with YBhg Tan Sri Quek Leng Chan, YBhg Datuk Kwek Leng San, Mr Quek Leng Chye, Mr Kwek Leng Kee and Mr Kwek Leng Beng;

iii. Hong Bee Hardware Company, Sdn Berhad ("Hong Bee Hardware") is a person connected with YBhg Tan Sri Quek Leng Chan, YBhg Datuk Kwek Leng San, Mr Quek Leng Chye, Mr Kwek Leng Kee and Mr Kwek Leng Beng;

iv. HLMG Management Co Sdn Bhd ("HMMC") and GuoLine Intellectual Assets Limited ("GIAL") are indirect subsidiaries of HLCM; and

v. Guardian Security Consultants Sdn. Bhd. ("GSC") is an indirect associate of HLCM.

Significant transactions with related parties are as follows:

			Group	
Transaction		**Related party**	**2015 RM'000**	**2014 RM'000**
a)	Rental of shared office space	HMMC	**13**	13
b)	Receipt of security guard services	GSC	**222**	83
c)	Receipt of group management and/or support services	Subsidiaries of HLCM	**5,965**	1,755
d)	Payment for usage of the Hong Leong logo and trade mark	GIAL	**18**	10
e)	Purchase of goods	Subsidiaries of HLCM	**14,638**	–
		Hong Bee Hardware	**4,856**	–
		Tasek and subsidiary of Tasek	**1,678**	–
f)	Sale of goods	Subsidiaries of HLCM	**56,186**	19,239
		Hong Bee Hardware	**6,334**	–

Significant balances with related parties at the reporting date are disclosed in Note 9 and Note 16 to the financial statements.

The above transactions have been carried out on commercial terms consistent with the usual business practices and policies of the Group and of the Company.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel includes all the Directors of the Group.

There are no transactions with any key management personnel during the year other than Directors' remuneration as disclosed in Note 18.

NOTES TO THE FINANCIAL STATEMENTS
... continued

25. FINANCIAL INSTRUMENTS

25.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables ("L&R");
(b) Fair value through profit or loss ("FVTPL"); and
(c) Other financial liabilities measured at amortised cost ("OL").

	Carrying amount RM'000	L&R/ OL RM'000	FVTPL RM'000	Derivative used for hedging RM'000
2015				
Financial assets				
Group				
Trade and other receivables, including derivatives (excluding prepayments)	**116,984**	**112,114**	**582**	**4,288**
Cash and cash equivalents	**52,350**	**52,350**	**–**	**–**
	169,334	**164,464**	**582**	**4,288**
Company				
Trade and other receivables, (excluding prepayments)	**8**	**8**	**–**	**–**
Cash and cash equivalents	**3,761**	**3,761**	**–**	**–**
	3,769	**3,769**	**–**	**–**
Financial liabilities				
Group				
Loans and borrowings	**427,466**	**427,466**	**–**	**–**
Trade and other payables	**231,170**	**231,170**	**–**	**–**
	658,636	**658,636**	**–**	**–**
Company				
Trade and other payables	**376**	**376**	**–**	**–**

NOTES TO THE FINANCIAL STATEMENTS
... continued

25. FINANCIAL INSTRUMENTS *cont'd*

25.1 Categories of financial instruments *cont'd*

	Carrying amount RM'000	L&R/ OL RM'000
2014		
Financial assets		
Group		
Trade and other receivables (excluding prepayments)	9,591	9,591
Cash and cash equivalents	7,473	7,473
	17,064	17,064
Company		
Trade and other receivables (excluding prepayments)	8	8
Cash and cash equivalents	3,743	3,743
	3,751	3,751
Financial liabilities		
Group		
Trade and other payables	13,018	13,018
Company		
Trade and other payables	818	818

25.2 Net gains and losses arising from financial instrument

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Net gains/(losses) on:				
Loans and receivables	**969**	386	**115**	149
Fair value through profit or loss	**(739)**	–	**–**	–
Derivative used for hedging	**297**	–	**–**	–
Other liabilities	**(10,452)**	–	**–**	–
	(9,925)	386	**115**	149

25.3 Financial risk management objectives and policies

The Group and the Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

25. FINANCIAL INSTRUMENTS *cont'd*

25.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

As at the end of the reporting period, there were no significant concentrations of credit risk other than one customers which represent 20% (2014: three customers- 48%) of trade receivables. The maximum exposure to credit risk for the Group is represented by the carrying amount of each financial asset.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due, which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for trade receivables, net of allowance for impairment losses, as at the end of the reporting period by geographic region was:

	Group	
	2015 RM'000	**2014 RM'000**
Malaysia	**91,007**	8,678
Others	**6,312**	761
	97,319	9,439

NOTES TO THE FINANCIAL STATEMENTS
... continued

25. FINANCIAL INSTRUMENTS *cont'd*

25.4 Credit risk *cont'd*

Receivables *cont'd*

Impairment losses

The ageing of trade receivables as at the end of the reporting period was:

	Gross RM'000	Individual impairment RM'000	Net RM'000
2015			
Not past due	**65,030**	**–**	**65,030**
Past due 1 - 30 days	**14,332**	**–**	**14,332**
Past due 31 days to 120 days	**17,311**	**(644)**	**16,667**
Past due more than 120 days	**2,190**	**(900)**	**1,290**
	98,863	**(1,544)**	**97,319**
2014			
Not past due	5,612	–	5,612
Past due 1 - 30 days	867	–	867
Past due 31 days to 120 days	976	–	976
Past due more than 120 days	2,024	(40)	1,984
	9,479	(40)	9,439

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group	
	2015 RM'000	2014 RM'000
At 1 July	**40**	40
Impairment loss recognised	**182**	–
Written off	**(55)**	–
Acquisition of subsidiary companies	**1,377**	–
At 30 June	**1,544**	40

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

NOTES TO THE FINANCIAL STATEMENTS
... continued

25. FINANCIAL INSTRUMENTS *cont'd*

25.4 Credit risk *cont'd*

Cash and cash equivalents

Risk management objectives, policies and processes for managing the risk

The Group's and Company's short term deposits are placed as fixed rates investments and upon which management endeavours to obtain the best rate available in the market.

Cash and cash equivalents are placed with reputable financial institutions.

Exposure to credit risk and credit quality

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that cash and cash equivalents were not recoverable.

25.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company actively manages its operating cash flows and the availability of fundings so as to ensure that all repayments and funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash to meet their working capital requirements.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000
2015					
Group					
Non-derivative financial liabilities					
Trade and other payables	**231,170**	–	**231,170**	**231,170**	–
Loans and borrowings	**427,466**	3.5 - 4.9	**446,775**	**145,965**	**300,810**
Company					
Non-derivative financial liabilities					
Trade and other payables	**376**	–	**376**	**376**	–

NOTES TO THE FINANCIAL STATEMENTS
... continued

25. FINANCIAL INSTRUMENTS *cont'd*

25.5 Liquidity risk *cont'd*

	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000
2014					
Group					
Non-derivative financial liabilities					
Trade and other payables	13,018	–	13,018	13,018	–
Company					
Non-derivative financial liabilities					
Trade and other payables	818	–	818	818	–

25.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates and other prices that will affect the Group's and the Company's financial position or cash flows.

25.6.1 Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group. The currencies giving rise to this risk is primarily U.S. Dollar ("USD").

Risk management objectives, policies and processes for managing the risk

Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts, on a case by case basis.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in USD	
	2015 RM'000	**2014 RM'000**
Group		
Trade receivables	**1,936**	761
Trade and other payables	**(79,346)**	–
	(77,410)	761

Currency risk sensitivity analysis

A 5% strengthening of the Ringgit Malaysia against the following currencies at the end of the reporting period would have (decreased)/increased profit before taxation of the Group by RM3,871,000 (2014: RM38,000). This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

25. FINANCIAL INSTRUMENTS *cont'd*

25.6 Market risk *cont'd*

25.6.1 Currency risk *cont'd*

A 5% weakening of Ringgit Malaysia against the above currency at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

25.6.2 Interest rate risk

The Group and the Company manages its interest rate exposure by maintaining available lines of fixed and floating rate borrowings.

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Fixed rate instruments				
Financial assets	**27,429**	5,900	**3,690**	3,600
Financial liabilities	**(12,070)**	–	**–**	–
	15,359	5,900	**3,690**	3,600
Floating rate instruments				
Financial liabilities	**(415,396)**	–	**–**	–

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

An increase/(decrease) of 50 basis points ("bp") in interest rates at the end of the reporting period would have (decreased)/increased the profit before tax of the Group by RM2,077,000 (2014: Nil). This analysis assumes that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS
... continued

25. FINANCIAL INSTRUMENTS *cont'd*

25.7 Hedging activities

25.7.1 Cash flow hedge

The Group has entered into a number of forward exchange contracts to hedge the cash flow risk in relation to the variation of cashflows arising from purchase of raw materials and plant and equipment. These forward exchange contracts have a total notional amount of USD41,843,876 (2014: Nil) and all of the forward exchange contracts have a maturities of less than one year after the end of the reporting period.

The following table indicates the periods in which the cash flows associated with the forward foreign currency exchange contracts are expected to occur and affect profit or loss:

	Carrying amount RM'000	Expected cash flow RM'000	Under 1 year RM'000
Group			
2015			
Forward exchange contracts	**4,288**	**4,288**	**4,288**

During the financial year, a gain of RM2,627,000 (2014: Nil) was recognised in other comprehensive income, RM1,364,000 (2014: Nil) was capitalised to reduce the initial carrying amount of property, plant and equipment and RM297,000 (2014: Nil) was reclassified from equity to profit or loss as other operating income.

Ineffectiveness gain amounting to RM Nil (2014: Nil) was recognised in profit or loss during the financial year in respect of the hedge.

25.8 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate their fair values due to the relatively short term nature of these financial instruments. Accordingly, the fair values and fair values hierarchy levels have not presented for these instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS
... continued

25. FINANCIAL INSTRUMENTS *cont'd*

25.8 Fair value information *cont'd*

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Fair value RM'000	Carrying amount RM'000
Group										
2015										
Financial assets										
Forward exchange contracts	–	4,288	–	4,288	–	–	–	–	4,288	4,288
Interest rate swap	–	582	–	582	–	–	–	–	582	582
	–	4,870	–	4,870	–	–	–	–	4,870	4,870
Financial liabilities										
Secured bank borrowings (non-current)	–	–	–	–	–	–	296,063	296,063	296,063	296,063

NOTES TO THE FINANCIAL STATEMENTS
... continued

25. FINANCIAL INSTRUMENTS *cont'd*

25.8 Fair value information *cont'd*

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Derivatives

The fair value of derivatives are obtained from observable market prices in active markets, including recent market transactions and valuation techniques that include discounted cash flow models and option pricing models, as appropriate.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2014: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

In respect of financial instruments not carried at fair value, the fair value is derived based on the discounted cash flow valuation method.

NOTES TO THE FINANCIAL STATEMENTS
... continued

26. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investors', creditors' and markets' confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio.

The debt-to-equity ratios at 30 June 2015 and 30 June 2014 were as follows:-

	Group	
	2015 RM'000	**2014 RM'000**
Total loans and borrowings	**427,466**	–
Less: Cash and cash equivalents	**(52,350)**	(7,473)
Net debt/(cash)	**375,116**	(7,473)
Total equity	**403,541**	18,079
Debt-to-equity ratios	**0.93**	–

Under Practice Note No. 17/2005 of Bursa Malaysia Securities Berhad Main Listing Requirements, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

27. CAPITAL COMMITMENTS

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Plant and equipment				
Authorised and contracted for	**286,658**	153	**–**	–

28. SIGNIFICANT EVENTS – ACQUISITION OF SUBSIDIARY COMPANIES

The Company had, on 10 September 2013, entered into Agreements with Hong Leong Industries Berhad ("HLI") and Hong Leong Manufacturing Group Sdn Bhd ("HLMG") for the acquisition of (i) 30,000,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital in Hume Concrete Sdn Bhd ("HCCT") and 175,000,000 6-year 2% non-cumulative irredeemable convertible preference shares in Hume Cement Sdn Bhd ("HCMT") from HLI for a total purchase consideration of RM48,000,000 and RM300,000,000 respectively; and (ii) 58,000,000 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital in HCMT from HLMG for a purchase consideration of RM100,000,000. The purchase considerations were satisfied by the issuance of New HIB Shares (as defined below) at an issue price of RM1.00 per New HIB share (collectively, the "Acquisitions").

NOTES TO THE FINANCIAL STATEMENTS
... continued

28. SIGNIFICANT EVENTS – ACQUISITION OF SUBSIDIARY COMPANIES *cont'd*

On 25 July 2014, the authorised share capital of the Company was increased from RM350,000,000 comprising 350,000,000 ordinary shares of RM1.00 each to RM600,000,000 comprising 600,000,000 ordinary shares of RM1.00 each.

Prior to the completion of the Acquisitions, the Company had completed its capital restructuring exercise involving the cancellation of RM0.50 of the par value of every existing ordinary share of RM1.00 in HIB and consolidation of 2 resultant ordinary shares of RM0.50 each into 1 ordinary share of RM1.00 each in HIB ("New HIB Shares").

The Acquisitions were completed on 20 October 2014 following the issue and allotment of the consideration shares in accordance with the terms and conditions of the Agreements. Accordingly, HCCT and its subsidiaries, and HCMT became subsidiaries of the Company.

Following the listing of and quotation for the consideration shares on the Main Market of Bursa Malaysia Securities Berhad on 24 October 2014, the corporate exercises were completed.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	Group 2015 RM'000
Fair value of consideration transferred	
Purchase consideration to be satisfied by issuance of new HIB Shares	**448,000**
Identifiable assets acquired and liabilities assumed	
Assets	
Property, plant & equipment	**559,823**
Deferred tax assets	**8,075**
Tax credit receivables	**72,185**
Inventories	**88,640**
Trade and other receivables, including derivatives	**94,292**
Cash and cash equivalents	**94,528**
Total assets	**917,543**
Liabilities	
Trade and other payables	**115,342**
Loans and borrowings	**360,882**
Deferred tax liabilities	**27,006**
Deferred income	**67,303**
Current tax liabilities	**225**
Employee benefits	**977**
Total liabilities	**571,735**
Total identifiable net assets	**345,808**

28. SIGNIFICANT EVENTS – ACQUISITION OF SUBSIDIARY COMPANIES *cont'd*

	Group 2015 RM'000
Net cash arising from acquisition of subsidiaries	
Cash and cash equivalents acquired	**94,528**
Goodwill on acquisition of common control subsidiary companies	
Goodwill was recognised as a result of the acquisition as follows:	
Total consideration transferred	**448,000**
Book value of identifiable net assets	**345,808**
Goodwill on acquisition of common control subsidiary companies - Recognised directly in equity	**102,192**

NOTES TO THE FINANCIAL STATEMENTS
... continued

29. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the (accumulated losses)/retained earnings of the Group and of the Company as at 30 June 2015, into realised and unrealised profits/(losses) are as follows:

	Group		Company	
	2015 RM'000	**2014 RM'000**	**2015 RM'000**	**2014 RM'000**
Total retained earnings/(accumulated losses) of the Company and its subsidiaries				
- realised	**166,849**	(36,083)	**146**	(35,707)
- unrealised	**(35,617)**	1,740	**–**	–
	131,232	(34,343)	**146**	(35,707)
Less: Consolidation adjustments	**(208,809)**	(9,761)	**–**	–
Total (accumulated losses)/retained earnings	**(77,577)**	(44,104)	**146**	(35,707)

The determination of realised and unrealised profits/(losses) is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

STATEMENT BY DIRECTORS
pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 39 to 89 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2015 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 29 on page 90 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

Quah Thain Khan

Dato' Rosman bin Abdullah

27 August 2015

STATUTORY DECLARATION
pursuant to Section 169(16) of the Companies Act, 1965

I, Soon Seng Keat, the person primarily responsible for the financial management of Hume Industries Berhad (formerly known as Narra Industries Berhad), do solemnly and sincerely declare that the financial statements set out on pages 39 to 90 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named, Soon Seng Keat at Kuala Lumpur in the Federal Territory on 27 August 2015.

Soon Seng Keat

Before me:

Mohan A.S. Maniam
Commissioner For Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

to the members of Hume Industries Berhad (formerly known as Narra Industries Berhad)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Hume Industries Berhad (formerly known as Narra Industries Berhad) which comprise the statements of financial position as at 30 June 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 39 to 89.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2015 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the accounts and the auditors' reports of the subsidiaries of which we have not acted as auditors, which are indicated in Note 3 to the financial statements.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT

to the members of Hume Industries Berhad (formerly known as Narra Industries Berhad)

... continued

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 29 on page 90 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
Firm Number: AF 0758
Chartered Accountants

Adrian Lee Lye Wang
Approval Number: 2679/11/15(J)
Chartered Accountant

Petaling Jaya, Selangor

27 August 2015

OTHER INFORMATION

1. PROPERTIES HELD BY THE GROUP AS AT 30 JUNE 2015

Location	Tenure	Existing use	Year of last Revaluation / Acquisition	Approximate Area (Sq Ft)	Approximate Age of Building (Year)	Net Book Value as at 30 June 2015 (RM'000)
Lot 5777 Mukim Setul, Nilai Industrial Estate Negeri Sembilan Darul Khusus	Leasehold 60 years expiring 2046	Industrial land with office and factory buildings	1991	602,206	21	7,954
PT11979 & Lot 2353 Beranang Industrial Estate Selangor Darul Ehsan	Leasehold 99 years expiring 2085	Industrial land with office and factory buildings	1982	1,928,421	29	7,822
Lot 2407, Mukim 1, Prai Industrial Estate, Pulau Pinang	Leasehold 60 years expiring 2035	Industrial land with office and factory buildings	1982	653,400	40	2,981
Lot 244, Pasir Gudang Industrial Estate, Johor Bahru, Johor Darul Takzim	Leasehold 60 years expiring 2045	Industrial land with office and factory buildings	1985	609,840	30	4,344
Lot 46, Semambu Industrial Estate, Kuantan Pahang Darul Makmur	Leasehold 66 years expiring 2041	Industrial land with office and factory buildings	1982	522,720	40	734
Lot 16280925 and 17514395 Tuaran Road, Kota Kinabalu, Sabah	Leasehold 60 years expiring 2024/2028	Industrial land with office, store and factory buildings	1982	302,742	47 /51	1,109
Lot 300254, 300255, 300256 Mukim Teja, Kampar, Perak	Leasehold 99 years expiring 2057/2096	Quarry and cement plant	2013	29,155,060	3	62,476

OTHER INFORMATION
... continued

2. ANALYSIS OF SHAREHOLDINGS AS AT 28 AUGUST 2015

Class of Shares : Ordinary shares of RM1.00 each
Voting Rights
- On a show of hands : 1 vote
- On a poll : 1 vote for each share held

Distribution Schedule Of Shareholders As At 28 August 2015

Size of Holdings	No. of Shareholders	%	No. of Shares	%
Less than 100	629	13.37	18,615	0.00
100 – 1,000	1,226	26.07	754,387	0.16
1,001 – 10,000	2,177	46.29	7,519,121	1.57
10,001 – 100,000	542	11.53	15,413,494	3.22
100,001 – less than 5% of issued shares	128	2.72	111,335,523	23.24
5% and above of issued shares	1	0.02	344,052,660	71.81
	4,703	100.00	479,093,800	100.00

List Of Thirty Largest Shareholders As At 28 August 2015

	Name of Shareholders	No. of Shares	%
1.	Assets Nominees (Tempatan) Sdn Bhd - Hong Leong Manufacturing Group Sdn Bhd	344,052,660	71.81
2.	Assets Nominees (Tempatan) Sdn Bhd - Exempt AN for Hong Leong Industries Berhad (ESOS)	9,674,783	2.02
3.	AmanahRaya Trustees Berhad - Public Smallcap Fund	8,278,943	1.73
4.	Lembaga Tabung Angkatan Tentera	6,716,900	1.40
5.	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for RHB Kidsave Trust	5,942,300	1.24
6.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (CIMB PRIN)	5,703,500	1.19
7.	Citigroup Nominees (Tempatan) Sdn Bhd - Exempt AN for AIA Bhd	5,587,200	1.17
8.	Citigroup Nominees (Asing) Sdn Bhd - Exempt AN for Citibank New York (Norges Bank 14)	2,840,616	0.59
9.	Assets Nominees (Tempatan) Sdn Bhd - Soft Portfolio Sdn Bhd	2,712,960	0.57
10.	AmanahRaya Trustees Berhad - Public Strategic Smallcap Fund	2,667,900	0.56
11.	Citigroup Nominees (Tempatan) Sdn Bhd - Kumpulan Wang Persaraan (Diperbadankan) (CIMB Equity)	2,619,300	0.55

OTHER INFORMATION
... continued

2. ANALYSIS OF SHAREHOLDINGS AS AT 28 AUGUST 2015 *cont'd*

List Of Thirty Largest Shareholders As At 28 August 2015 *cont'd*

	Name of Shareholders	No. of Shares	%
12.	Assets Nominees (Tempatan) Sdn Bhd - Hong Leong Industries Berhad	2,519,982	0.53
13.	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for CIMB Islamic Dali Equity Theme Fund	2,401,400	0.50
14.	Hong Bee Hardware Company, Sdn Berhad	2,185,879	0.46
15.	AmanahRaya Trustees Berhad - Public Ittikal Sequel Fund	2,141,100	0.45
16.	Assets Nominees (Tempatan) Sdn Bhd - Exempt AN for Hong Leong Industries Berhad (HLYM-ESOS)	2,121,120	0.44
17.	Grandeur Holdings Sdn Bhd	2,052,000	0.43
18.	Citigroup Nominees (Tempatan) Sdn Bhd - Universal Trustee (Malaysia) Berhad for CIMB Islamic Small Cap Fund	1,984,400	0.41
19.	HSBC Nominees (Asing) Sdn Bhd - Coutts & Co Ltd HK for Kwek Leng San	1,944,000	0.41
20.	CIMB Group Nominees (Tempatan) Sdn Bhd - CIMB Islamic Trustee Berhad for Pacific Dana Aman (3717 TRO1)	1,839,600	0.38
21.	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for RHB Growth And Income Focus Trust	1,600,000	0.33
22.	HLIB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chut Nyak Isham Bin Nyak Ariff	1,378,728	0.29
23.	AmanahRaya Trustees Berhad - Public Islamic Treasures Growth Fund	1,251,900	0.26
24	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Manulife Investment Progress Fund (4082)	1,194,800	0.25
25.	AmanahRaya Trustees Berhad - Public Dividend Select Fund	1,179,700	0.25
26.	YBhg Datuk Kwek Leng San	1,174,951	0.24
27.	Hong Leong Assurance Berhad - As Beneficial Owner (Life Par)	1,080,000	0.22
28.	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for RHB Equity Trust	930,000	0.19
29.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Emerging Markets Value Fund	896,084	0.19
30.	Maybank Nominees (Tempatan) Sdn Bhd - Maybank Trustees Berhad for CIMB-Principal Small Cap Fund (240218)	866,400	0.18
		427,539,106	89.24

OTHER INFORMATION
... continued

2. ANALYSIS OF SHAREHOLDINGS AS AT 28 AUGUST 2015 *cont'd*

Substantial Shareholders

According to the Register of Substantial Shareholders, the substantial shareholders of the Company as at 28 August 2015 are as follows:

Name of Shareholders	Direct Interest No. of shares	%	Indirect Interest No. of shares	%
Hong Leong Manufacturing Group Sdn Bhd	344,052,660	71.81	2,519,982	0.53@
Hong Leong Company (Malaysia) Berhad ("HLCM")	–	–	348,664,207	72.78@
Tan Sri Quek Leng Chan	–	–	354,373,046	73.97*
HL Holdings Sdn Bhd	–	–	348,664,207	72.78#
Hong Realty (Private) Limited	–	–	350,850,086	73.23*
Hong Leong Investment Holdings Pte Ltd	–	–	350,850,086	73.23*
Kwek Holdings Pte Ltd	–	–	350,850,086	73.23*
Kwek Leng Beng	–	–	350,850,086	73.23*
Kwek Leng Kee	–	–	350,850,086	73.23*
Davos Investment Holdings Private Limited	–	–	350,850,086	73.23*
Quek Leng Chye	–	–	350,850,086	73.23*

Notes:

@ *Held through subsidiary(ies).*
* *Held through HLCM and a company in which the substantial shareholder has interest.*
# *Held through HLCM.*

3. DIRECTORS' INTERESTS AS AT 28 AUGUST 2015

Subsequent to the financial year end, there was no change, as at 28 August 2015, to the Directors' interests in the ordinary shares of the Company and/or its related corporations (other than wholly-owned subsidiaries), appearing in the Directors' Report on page 35 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965.

4. MATERIAL CONTRACTS

There are no material contracts (not being contracts entered into in the ordinary course of business) which had been entered into by the Company and its subsidiaries involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year pursuant to Item 21, Part A, Appendix 9C of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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Hume Industries Berhad (62227-X)

(formerly known as Narra Industries Berhad)
A Member of the Hong Leong Group

FORM OF PROXY

I/We____

NRIC/Passport/Company No. _______________________________

of ____

being a member of **HUME INDUSTRIES BERHAD** (formerly known as Narra Industries Berhad) ("the Company"), hereby appoint____

_______________________NRIC/Passport No. _______________________

of ____

or failing him/her, ____

NRIC/Passport No. ____

of ____

or failing him/her, the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Thirty-fifth Annual General Meeting of the Company to be held at the Theatrette, Level 1, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur on Thursday, 29 October 2015 at 10.00 a.m. and at any adjournment thereof.

My/Our proxy/proxies is/are to vote either on a show of hands or on a poll as indicated below with an "X":

	RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of Director fees		
2.	To re-elect YBhg Datuk Kwek Leng San as a Director		
3.	To re-elect Mr Quah Thain Khan as a Director		
4.	To re-elect YBhg Dato' Ir. Tan Gim Foo as a Director		
5.	To re-elect YBhg Datuk Wira Azhar bin Abdul Hamid as a Director		
6.	To re-appoint Messrs KPMG as Auditors and to authorise the Directors to fix their remuneration		
	Special Business		
7.	To approve the ordinary resolution on authority to Directors to issue shares		
8.	To approve the ordinary resolution on the proposed renewal of and new shareholders' mandate for recurrent related party transactions of a revenue or trading nature with Hong Leong Company (Malaysia) Berhad ("HLCM") and persons connected with HLCM		
9.	To approve the ordinary resolution on the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature with Hong Leong Investment Holdings Pte. Ltd. ("HLIH") and persons connected with HLIH		
10.	To approve the ordinary resolution on the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature with Hong Bee Hardware Company, Sdn Berhad		

Dated this__________ day of _________________ 2015

_________________________ Number of shares held

_________________________ Signature(s) of Member

Notes:

1. *For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 23 October 2015 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on their behalf.*
2. *If you wish to appoint other person(s) to be your proxy, insert the name(s) and address(es) of the person(s) desired in the space so provided.*
3. *If there is no indication as to how you wish your vote(s) to be cast, the proxy will vote or abstain from voting at his/her discretion.*
4. *A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
5. *Save for a member who is an exempt authorised nominee, a member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. A member who is an exempt authorised nominee for multiple beneficial owners in one securities account ("Omnibus Account") may appoint any number of proxies in respect of the Omnibus Account.*
6. *Where two or more proxies are appointed, the proportions of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which the appointments shall be invalid (please see note 9 below).*
7. *In the case where a member is a corporation, this Form of Proxy must be executed under its Common Seal or under the hand of its Attorney.*
8. *All Forms of Proxy must be duly executed and deposited at the Registered Office of the Company at Level 9, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur not less than forty-eight hours before the time appointed for holding of the meeting or adjourned meeting.*
9. *In the event two or more proxies are appointed, please fill in the ensuing section:*

Name of proxies	*CDS Account No.*	*% of shareholdings to be represented*

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Affix
Stamp

The Company Secretaries
Hume Industries Berhad
(formerly known as Narra Industries Berhad) (62227-X)
Level 9, Wisma Hong Leong
18 Jalan Perak
50450 Kuala Lumpur
Malaysia

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