



HULAMIN

## Hulamin Limited

(formerly **Hulett Aluminium** (Proprietary) Limited)

(Incorporated in the Republic of South Africa)

(Registration number 1940/013924/06)

JSE share code: HLM ISIN: ZAE000096210

("Hulamin" or "the Company")

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## Pre-listing statement of Hulamin

*relating to*

**the listing of Hulamin on the JSE with effect from the commencement of business on 25 June 2007**

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**18 May 2007**

This pre-listing statement is not an invitation to subscribe for shares in Hulamin, but is issued in compliance with the Listings Requirements of the JSE Limited for the purpose of providing information to the public with regard to Hulamin.

An abridged version is intended for publication on 18 June 2007.

**Merchant bank sponsor**



**RAND  
MERCHANT  
BANK**

A division of FirstRand Bank Limited

**Attorneys**

**BG** *Bowman Gilfillan*  
Attorneys

**Reporting accountants and  
auditors**

**PRICEWATERHOUSECOOPERS** 

**PricewaterhouseCoopers Inc**

Chartered Accountants (SA)  
Registered Accountants and Auditors  
(Registration no 1998/012055/21)

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## **IMPORTANT INFORMATION**

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This pre-listing statement has been prepared on the assumption that the resolutions proposed in the notice of the general meeting forming part of the unbundling circular to shareholders of The Tongaat-Hulett Group Limited (“THG”) dated 18 May 2007 (the “THG circular”), which is enclosed in the envelope together with this pre-listing statement, will be passed at the general meeting of shareholders of THG to be held on 11 June 2007, and to the extent applicable, will be registered, and that the unbundling by THG of its investment in Hulamin, details of which are reflected in the THG circular, will be implemented.

The Hulamin directors, whose names are set out on page 9 of this pre-listing statement, collectively and individually, accept full responsibility for the accuracy of the information provided and certify that, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this pre-listing statement false or misleading, and confirm that they have made all reasonable enquiries in this regard and confirm that this pre-listing statement contains all information required by the law and the Listings Requirements of the JSE Limited (“JSE”).

The Listings Committee of the JSE has agreed, subject to the fulfilment of the outstanding conditions precedent as reflected in the THG circular, to the listing of the entire issued ordinary share capital of Hulamin in the Aluminium sub-sector of the “Industrial Metals” sector of the JSE lists under the name “Hulamin” with effect from the commencement of business on 25 June 2007.

On the commencement of listing, the authorised share capital of Hulamin will comprise ordinary shares amounting to R24 000 000 divided into 240 000 000 shares of ten cents each; A ordinary shares amounting to R3 400 000 divided into 34 000 000 shares of ten cents each; and B ordinary shares (B<sub>1</sub>, B<sub>2</sub> and B<sub>3</sub> class shares as detailed in paragraph 6.1) amounting to R2 100 000 divided into 21 000 000 shares of ten cents each.

The issued share capital will comprise approximately 213 000 000 ordinary shares with a share premium of R1 079 637 350. Immediately after the listing of Hulamin a further 25 000 000 A ordinary shares and approximately 11 000 000 B ordinary shares will be issued. The authorised and issued Hulamin ordinary shares other than the A ordinary shares and B ordinary shares (detailed in paragraph 6) are of the same class and rank *pari passu* in every respect there being no conversion or exchange rights.

PricewaterhouseCoopers Inc. (Chartered Accountants (SA)) whose reports are included in this pre-listing statement, have given and have not withdrawn their consent to the inclusion of their name and reports in this prelisting statement in the form and context in which they appear.

Additional copies of this document (in English only) may be obtained during normal business hours from 18 May 2007 until 11 June 2007 both days inclusive from Hulamin’s registered office and from Bowman Gilfillan in Johannesburg, the addresses of which are set out in the “Corporate Information” section on page 1 of this pre-listing statement.

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## CORPORATE INFORMATION

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### **Company Secretary and registered office of Hulamin**

Secretary:  
W Fitchat, B.Com (Hons), MBA, FCIS

Registered Office of Hulamin:  
Moses Mabhida Road  
Pietermaritzburg  
3201  
(PO Box 74, Pietermaritzburg, 3200)

Date of Incorporation: 27 May 1940

Place of Incorporation: Pretoria  
South Africa

### **Transfer secretaries to Hulamin**

Computershare Investor Services 2004 (Proprietary) Limited  
(Registration number 2004/003647/07)  
70 Marshall Street  
Johannesburg, 2001  
(PO Box 61051, Marshalltown, 2107)

### **Merchant bank and sponsor to Hulamin**

Rand Rand Merchant Bank  
(A division of FirstRand Bank Limited)  
(Registration number 1929/001225/06)  
1 Merchant Place  
Corner Fredman Drive and Rivonia Road  
Sandton  
2196  
(PO Box 786273, Sandton, 2146 )

### **Attorneys to Hulamin**

Bowman Gilfillan Inc  
165 West Street  
Sandton  
2196  
(PO Box 785812, Sandton, 2146)

Cox Yeats Attorneys  
12th and 13th Floor Victoria Maine  
71 Victoria Embankment  
Durban, 4001  
(PO Box 3032, Durban, 4000)

### **Commercial banker to Hulamin**

The Standard Bank of South Africa Limited  
(Registration number 1962/000738/06)  
Standard Bank Centre  
5th Floor  
Simmonds Street  
Johannesburg, 2001  
(PO Box 61344, Marshalltown, 2107)

### **Reporting accountants and auditors to Hulamin**

PricewaterhouseCoopers Inc.  
Chartered Accountants (SA)  
Registered Accountants and Auditors  
(Registration number 1998/012055/21)  
3rd Floor  
102 Essenwood Road  
Durban  
4001  
(PO Box 1049, Durban, 4000)

PricewaterhouseCoopers Advisory Services  
(Proprietary) Limited  
(Registration number 1999/024417/07)  
2 Eglin Road  
Sunninghill  
2157  
(Private Bag X36, Sunninghill, 2157)

Other than the Company Secretary, none of the above persons hold securities in, options on securities in, or have agreed to acquire such securities in the Company.

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## TABLE OF CONTENTS

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	<i>Page</i>
<b>Important information</b>	Inside front cover
<b>Corporation information</b>	1
<b>Important dates</b>	3
<b>Definitions and interpretations</b>	4
<b>Pre-listing statement</b>	
1. Introduction	9
2. Information relating to Hulamin	10
3. BEE transaction	13
4. Financial information	19
5. Directors and senior management	22
6. Share capital and share premium	25
7. Information on shareholders	28
8. Properties	28
9. Vendors	28
10. General	29
11. Expenses relating to the listing	29
12. Experts' consents	29
13. Directors' responsibility statement	30
14. Exchange Control	30
15. Documents available for inspection	30
<b>Annexure 1</b> Report of historical financial information	32
<b>Annexure 2</b> Independent reporting accountants' report on the historical financial information	79
<b>Annexure 3</b> Unaudited <i>pro forma</i> financial information	81
<b>Annexure 4</b> Independent reporting accountants' report on the unaudited <i>pro forma</i> financial information	85
<b>Annexure 5</b> Schedule of material immovable property owned or leased by Hulamin and its subsidiaries	87
<b>Annexure 6</b> Corporate Governance and King Code	89
<b>Annexure 7</b> Extracts from the Articles of Association of Hulamin	92
<b>Annexure 8</b> Information on directors	101
<b>Annexure 9</b> Hulamin share incentive schemes	116
<b>Annexure 10</b> Details of major subsidiaries	130
<b>Annexure 11</b> Borrowings	131

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## IMPORTANT DATES

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The definitions and interpretations commencing on page 4 of this pre-listing statement have, where necessary, been used in the important dates as set out below:

**2007**

General meeting of THG on	Monday 11 June
Results of the general meeting released on SENS on	Monday 11 June
Results of the general meeting published in the press on	Tuesday 12 June
Last day to trade in THG shares on the JSE to participate in the unbundling on	Friday 22 June
THG shares trade ex the entitlement to the Hulamin distribution shares on	Monday 25 June
Listing of Hulamin ordinary shares from the commencement of business on	Monday 25 June
Announcement of the specified ratio in respect of the apportionment of the costs/base cost of Hulamin for taxation/CGT purposes on	Wednesday 27 June
Record date to participate in the unbundling on	Friday 29 June
Hulamin share certificates will be posted, by registered post, at the risk of the certificated shareholders concerned, to certificated shareholders and dematerialised shareholders will have their safe custody accounts at the CSDP or broker updated on	Monday 2 July

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**Notes:**

1. Any material changes to the above dates will be released on SENS and published in the press.
2. All times given in this pre-listing statement are local times in South Africa.

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## DEFINITIONS AND INTERPRETATIONS

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In this document and its annexures, unless otherwise stated or the context otherwise indicates, the words and expressions in the first column shall have the meanings stated opposite them in the second column and words and expressions in the singular shall include the plural and *vice versa*, words importing natural persons shall include corporations and associations of persons and *visa versa* and words and expressions denoting any gender shall include the other genders.

“Anglo South Africa Capital”	Anglo South Africa Capital (Proprietary) Limited (Registration number 1999/002391/07), a private company incorporated in South Africa;
“A ordinary shares”	unlisted A ordinary shares of ten cents each in the issued share capital of Hulamin to be issued to BEE SPV for cash at their par value and which initially entitles BEE SPV to 10% of the voting rights in Hulamin. Such rights are not transferable, except with the consent of Hulamin;
“articles”	the articles of association of Hulamin;
“B ordinary shares”	collectively, the unlisted B <sub>1</sub> , B <sub>2</sub> and B <sub>3</sub> ordinary shares of ten cents each in the issued share capital of Hulamin;
“B <sub>1</sub> ordinary shares”	8 000 000 authorised unlisted B <sub>1</sub> ordinary shares of ten cents each which rank <i>pari passu</i> with the ordinary shares in all respects, except for the rights granted to Hulamin in respect of the specific share repurchase. A number of these shares, to be determined on their grant date, are to be issued to the ESOP Share Trust for cash at par value plus a premium of approximately R10.07 per share;
“B <sub>2</sub> ordinary shares”	10 000 000 authorised unlisted B <sub>2</sub> ordinary shares of ten cents each which rank <i>pari passu</i> with the ordinary shares in all respects, except for the rights granted to Hulamin in respect of the specific share repurchase. A number of these shares, to be determined on their grant date, are to be issued to the MSOP Share Trust for cash at par value plus a premium of approximately R6.25 per share;
“B <sub>3</sub> ordinary shares”	3 000 000 authorised unlisted B <sub>3</sub> ordinary shares of ten cents each which rank <i>pari passu</i> with the ordinary shares in all respects, except for the rights granted to Hulamin in respect of the specific share repurchase. A number of these shares, to be determined on their grant date, are to be issued to the MSOP Share Trust for cash at par value plus a premium of approximately R19.49 per share;
“BEE”	Black Economic Empowerment;
“BEE anchor partners”	collectively, Imbewu and Makana;
“BEE partners”	collectively, the BEE anchor partners and the ESOP Share Trust and the MSOP Share Trust;
“BEE SPV”	Chaldean Trading 67 (Proprietary) Limited (Registration number 2006/037367/07), a private company incorporated in accordance with the laws of South Africa;
“BEE transaction”	the subscription for an effective 10% economic interest in Hulamin Opco and the subscription for 25 million A ordinary shares (which will initially entitle the holder to exercise 10% of the Hulamin voting rights in Hulamin) through BEE SPV by the BEE anchor partners, and the advance by BEE SPV to Hulamin Opco of the shareholders loan referred to in paragraph 3 and the subscription for a further 5% of Hulamin by the ESOP Share Trust and the MSOP Share Trust;
“certificated shareholders”	shareholders who elect to hold certificated shares;

“certificated shares”	Hulamin ordinary shares which are not dematerialised in terms of STRATE and title to which is represented by document of title;
“CGT”	Capital Gains Tax levied in terms of section 26A and the 8th Schedule to the Income Tax Act;
“common monetary area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“Companies Act”	the Companies Act, 1973 (Act 61 of 1973), as amended;
“Computershare” or “transfer secretaries”	Computershare Investor Services 2004 (Proprietary) Limited (Registration number 2004/003647/07), a private company incorporated in South Africa and who are the transfer secretaries of Hulamin;
“conditions precedent”	the conditions precedent to which the unbundling and listing of Hulamin are subject, as reflected in the THG circular;
“CSDP”	a Central Securities Depository Participant appointed by individual shareholders for purposes of and in regard to dematerialisation, custody and settlement, in terms of the Securities Services Act;
“dematerialition”	the process whereby share certificates, certified transfer deeds, balance receipts and any other documents of title to Hulamin shares in a tangible form are dematerialised into electronic records for the purposes of STRATE;
“dematerialised shareholders”	Hulamin shareholders who hold dematerialised shares;
“dematerialised shares”	Hulamin shares that have been incorporated into the STRATE system and which are held on the sub-register of members in electronic form in terms of the Security Services Act;
“documents of title”	share certificates, certified transfer deeds, balance receipts or any other documents of title pertaining to Hulamin;
“ESOP”	the Hulamin employee share ownership plan;
“ESOP Share Trust”	The Hulamin Employee Share Trust, a share trust to be established for the purposes of the ESOP;
“Exchange Control Regulations”	the Exchange Control Regulations, 1961, as amended, promulgated in terms of section 9 of the Currency and Exchanges Act, 1933 (Act 9 of 1933), as amended;
“GEIS”	General Export Incentive Scheme;
“general meeting”	the general meeting of THG shareholders, convened in terms of the notice of general meeting contained in the THG circular, to be held at the registered office of THG, for the purpose of, <i>inter alia</i> , considering, and, if deemed appropriate, passing the resolutions necessary to implement, <i>inter alia</i> , the listing and subsequent unbundling of Hulamin;
“Group” or “group”	Hulamin and its subsidiaries from time to time;
“Hulamin” or “Hulamin Holdco” or “the Company”	Hulamin Limited (Registration number 1940/013924/07), a public company incorporated in accordance with the laws of South Africa on 27 May 1940, previously Hulett Aluminium (Proprietary) Limited prior to being converted to a public company and changing its name, the ordinary shares of which are to be listed on the JSE immediately prior to the unbundling;
“Hulamin directors” or “directors” or “board”	the board of directors of Hulamin, whose details appear in paragraph 5 of this pre-listing statement;

the “Hulamin distribution shares” or the “distribution shares”	approximately 106 500 000 Hulamin ordinary shares distributable to THG shareholders in terms of the unbundling, in the ratio of one Hulamin share for every one THG share held at the close of business on the record date;
“Hulamin Rolled Products”	Hulamin Rolled Products (Proprietary) Limited (Registration number 1969/015959/07), a private company incorporated in accordance with the laws of South Africa and a subsidiary of Hulamin, previously known as Hulett Aluminium Rolled Products (Proprietary) Limited prior to 1 April 2007;
“Hulamin shareholders” or “shareholders”	holders of Hulamin ordinary shares, from time to time;
“Hulamin Opco”	Hulamin Operations (Proprietary) Limited (Registration number 1999/020410/07), a private company incorporated in accordance with the laws of South Africa and a subsidiary of Hulamin, previously known as Hulett Aluminium Foil (Proprietary) Limited prior to 1 April 2007;
“Hulamin ordinary shares” or “ordinary shares”	240 000 000 ordinary shares having a par value of ten cents each, in the share capital of Hulamin;
“Hulamin Opco preference shares”	50 000 000 cumulative redeemable preference shares of R1.00 each in the issued share capital of Hulamin Opco which shares are held by Hulamin;
“Hulett-Hydro Extrusions”	Hulett-Hydro Extrusions (Proprietary) Limited (Registration number 1996/017023/07), a private company incorporated in accordance with the laws of South Africa;
“Hulamin Systems”	Hulamin Systems (Proprietary) Limited (Registration number 1965/004255/07), a private company incorporated in South Africa and a subsidiary of Hulamin, known as Aluminium City (Proprietary) Limited prior to 1 April 2007;
“IDC”	Industrial Development Corporation of South Africa Limited (Registration number 1940/014201/06), an entity duly incorporated according to the Industrial Development Act, No. 22 of 1944, as amended;
“Imbewu”	Imbewu Consortium SPV, one of the BEE anchor partners, which comprises, <i>inter alia</i> , Imbewu Capital Partners, J B Magwaza, Sipho Madonsela and various broad-based groupings and is a 60% shareholder in BEE SPV;
“Imbewu Capital Partners”	Imbewu Capital Partners (Proprietary) Limited (Registration number 2005/008562/07), comprises, <i>inter alia</i> , Gcina Zondi and The Standard Bank of South Africa Limited;
“Income Tax Act”	the Income Tax Act, 1962 (Act 58 of 1962), as amended;
“JSE”	the JSE Limited (Registration number 2005/022939/06), a public company incorporated in accordance with the laws of South Africa and licensed as an exchange under the Securities Services Act;
“last practicable date”	the last practicable date prior to the finalisation of this pre-listing statement, being 19 April 2007;
“listing”	the listing of Hulamin ordinary shares on the JSE, immediately before the unbundling;
“Listings Requirements”	the Listings Requirements of the JSE, as amended from time to time;
“Makana”	the Makana Investment Consortium which comprises, <i>inter alia</i> , Makana Investment Corporation and Makana Investment KZN and which is one of the BEE anchor partners and is a 40% shareholder in BEE SPV;



“Makana Investment Corporation”	Makana Investment Corporation (Proprietary) Limited (Registration number 1997/011411/07), a private company incorporated in accordance with the laws of South Africa, comprising, <i>inter alia</i> , African Sky Consortium (Proprietary) Limited, Autshumata Investments (Proprietary) Limited, Wild Orchard Investments (Proprietary) Limited and the Makana Trust;
“Makana Investment KZN”	Makana Investment Consortium KZN SPV (Proprietary) Limited (Registration number 2006/035032/07), a private company incorporated in accordance with the laws of South Africa and which forms part of Makana;
“Memorandum”	the memorandum of association of Hulamin;
“MSOP”	the Hulamin management share ownership plan;
“MSOP Share Trust”	The Hulamin Employee Share Trust, a share trust to be established for the purposes of the MSOP;
“Rand”	South African Rand, the official currency of South Africa;
“Rand Merchant Bank”	Rand Merchant Bank, a division of FirstRand Bank Limited (Registration number 1929/001225/06), a public company duly incorporated with limited liability in accordance with the company laws of South Africa;
“record date”	the record date to be recorded in the register in order to participate in the unbundling, which is expected to be 29 June 2007;
“register”	the register of members of THG;
“Registrar of Companies”	the Registrar of Companies as appointed in terms of the Companies Act;
“resolutions”	the resolutions required to be approved by THG shareholders to implement the listing and unbundling;
“Securities Services Act”	the Securities Services Act, 2004 (Act 36 of 2004), as amended;
“SENS”	the Securities Exchange News Service of the JSE;
“South Africa”	the Republic of South Africa;
“specific share repurchase”	the right in terms of which Hulamin can repurchase from the ESOP Share Trust and the MSOP Share Trust a variable number of B ordinary shares as determined in accordance with the repurchase formulae, the details of which are set out in Annexure 9.3;
“STC”	Secondary Tax on Companies levied in terms of section 64B of the Income Tax Act;
“STRATE”	STRATE Limited (Registration number 1998/022242/06), a public company incorporated in South Africa and the electronic clearing and settlement system used by the JSE to settle trades;
“TH” or “Tongaat Hulett” or “Tongaat Hulett Limited”	THG after implementing the unbundling;
“THG”	The Tongaat-Hulett Group Limited (Registration number 1892/000610/06), a public company incorporated in accordance with the laws of South Africa which will change its name to Tongaat Hulett Limited after the unbundling, the shares of which are listed on the JSE and which has a secondary listing on the LSE;
“THG circular”	the circular to THG shareholders, dated 18 May 2007 and all its annexures, which is enclosed in the envelope together with this pre-listing statement;
“THG directors” or “THG board”	the board of directors of THG;

“THG group”	THG and its subsidiaries from time to time;
“THG shareholders”	holders of THG shares, from time to time;
“THG shares”	ordinary shares having a par value of R1.00 each in the issued share capital of THG;
“TH share repurchase”	the repurchase of 4.5 ordinary TH shares for every 100 TH ordinary shares held for a total consideration of R500.2 million (inclusive of STC to be incurred by TH), by way of a scheme of arrangement in terms of section 311 of the Companies Act proposed by THG between THG and its shareholders;
“transactions”	the unbundling, the name change of THG to Tongaat Hulett Limited, the TH share repurchase, the TH BEE transaction and the BEE transaction;
“unbundling”	the unbundling by THG of 50% of Hulamin by way of a distribution <i>in specie</i> , which will occur immediately after the listing in terms of section 90 of the Companies Act and section 46 of the Income Tax Act whereby THG shareholders recorded in the register on Friday 29 June 2007 will receive one Hulamin share for every one THG share held;
“unbundling agreement”	the unbundling agreement, dated 2 May 2007, between Tongaat-Hulett and Hulamin; and
“VAT”	Value-Added Tax payable in terms of the Value-Added Tax Act, 1991 (Act 89 of 1991), as amended.



HULAMIN

## Hulamin Limited

(formerly **Hulett Aluminium** (Proprietary) Limited)

(Incorporated in the Republic of South Africa)

(Registration number 1940/013924/06)

JSE share code: HLM ISIN: ZAE000096210

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### Directors

#### *Non-executive*

P H Staude (*Chairman*)

I Botha

C M L. Savage

M H Munro

M P Zambane

P M Baum

V N Khumalo

L W J Matlhape

S J Saunders\*

#### *Executive*

A Fourie (*CEO*)

M Z Mkhize\*

R G Jacob\*

T K Mshengu\*

C D Hughes\*

F B Bradford\*

C J Little\*

D F Timmerman\*

\* Alternate

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## PRE-LISTING STATEMENT

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### 1. INTRODUCTION

On 20 February 2006, THG released on SENS and published in the press that they had approved the listing of the entire ordinary share capital of Hulamin and simultaneously the introduction of meaningful and sustainable BEE participation in both THG and Hulamin. THG further announced its intention to unbundle its entire shareholding in Hulamin as part of its ongoing focus on its core activities and in order to maximise shareholder value on the basis that THG shareholders who are recorded on the register on the record date will receive one Hulamin share for each THG share held.

It was further set out in the announcement that the Hulamin business has developed into a successful independent niche producer of aluminium semi-fabricated products and given the stage of its growth cycle, the business now has the requisite critical mass and growth prospects to prosper as a separately listed business and that the THG directors had accordingly resolved to make application for the separate listing of Hulamin ordinary shares on the JSE.

This announcement was supported by all the shareholders of Hulamin, namely Anglo South Africa Capital, the IDC and THG.

Subject to the fulfilment of the outstanding conditions precedent to the transactions, which are detailed in the THG circular, the Hulamin ordinary shares will be listed in the Aluminium sub-sector of the "Industrial Metals" sector of the JSE lists, under the name "Hulamin", with effect from the commencement of business on 25 June 2007.

This pre-listing statement has been prepared on the basis that the resolutions necessary to implement the transactions, as proposed in the notice of general meeting of THG shareholders forming part of the THG circular, are passed and, where applicable, registered and that the transactions will be implemented.

The purpose of this pre-listing statement is to provide information on Hulamin.

## 2. INFORMATION RELATING TO HULAMIN

### 2.1.1 Incorporation

Hulamin was initially incorporated as Aluminium Company of South Africa (Proprietary) Limited in May 1940. It converted to a public company and changed its name to Alcan Aluminium of South Africa Limited in 1960, to Huletts Aluminium Limited in 1974 and to Hulett Aluminium Limited in 1982. It was converted to a private company on 12 June 1991. A special resolution was registered on 27 March 2007 by the Registrar of Companies to convert the Company into a public company and to change its name to Hulamin Limited with effect from 1 April 2007. The name Hulamin has been used for some years as a domain name, and originates from the short form name used for Hulett Aluminium Limited during the period when the Company was previously listed on the JSE.

The details of name changes of the subsidiaries of Hulamin are set out in Annexure 10.

### 2.1.2 Background

The origin of Hulamin dates back to 1935 when Aluminium Limited of Canada opened a sales office in South Africa. In 1940 the Aluminium Company of South Africa (Proprietary) Limited was registered. During and after World War 2, demand for aluminium semi-fabricated products had grown to the point where a small aluminium rolling mill was opened in 1949, on the current Pietermaritzburg site. The Company experienced rapid growth and also expanded its operations to cover a full range of semi-fabricated aluminium products. It was subsequently listed on the JSE as Alcan Aluminium of South Africa Limited (“Alcan”) in 1969.

In 1974 the Huletts Corporation acquired a controlling interest in the Company from Alcan, and the Company name was changed to Huletts Aluminium Limited. The Company was delisted in 1981 although its debentures were traded on the JSE until 1997. The Huletts Corporation merged with The Tongaat Group in 1981 to form THG and in 1982 the name of the Company was changed to Hulett Aluminium Limited. Alcan subsequently sold its remaining 26% holding to THG in 1986 and Hulamin became a wholly owned subsidiary of THG. It was later converted to a private company, namely Hulett Aluminium (Proprietary) Limited in 1991.

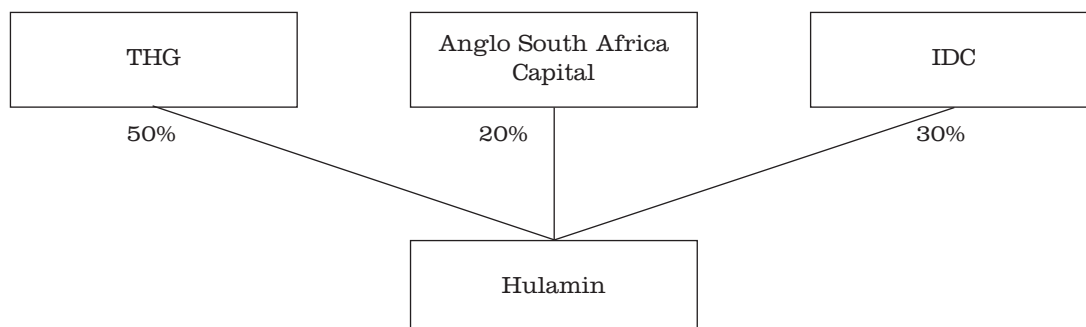
In 1996, the board of Hulamin and the THG board approved a R2.4 billion expansion programme in the rolled products business. The THG board agreed to introduce two additional shareholders into Hulamin, namely Anglo South Africa Capital (20% shareholding) and the IDC (30% shareholding) which resulted in the THG shareholding in Hulamin being reduced to 50%.

The funding of the project was facilitated by:

- the creation of a partnership (the Hulamin JV) between the shareholders in the Company. This partnership housed the operations of the Company;
- a convertible loan of R580 million; and
- funding provided by the shareholders and other banks.

To facilitate the listing of the Company, the business of the Hulamin JV was transferred to the Company on 31 December 2006 and the Hulamin JV was subsequently dissolved. The loan was repaid on 29 December 2006 and the financial institution subscribed for shares in Hulamin which were allocated to the shareholders in terms of the agreement entered into at the time of the initial loan.

The structure below sets out the shareholders in Hulamin prior to the listing:



In 1997 the board of Hualamin directors approved the sale of 30% of its wholly-owned subsidiary Hulett-Hydro Extrusions, through which the Company operates its extrusion business, to Hydro Aluminium (SA) (Proprietary) Limited.

Since the major expansion in the late 1990s, the Company has grown its rolled products volumes four-fold, and has become a global niche player in a number of high value aluminium semi-fabricated products.

Subsequent to the listing of Hualamin, the entire business of Hualamin will be sold to its subsidiary Hualamin Opco, to facilitate the introduction of BEE partners.

Details of Hualamin's subsidiaries are set out in Annexure 10.

### **2.1.3 Business overview**

Hualamin is a leading aluminium semi-fabricator, purchasing primary aluminium and supplying manufacturers of finished products. Hualamin focuses on high specification, high value products such as thin gauge foils, can end stock, heat treated plate, brazing sheet and complex extrusions, which require high tolerance manufacturing processes and sophisticated technology. Hualamin is able to capitalise on its extensive technology base that has been developed over its sixty year history.

Hualamin's business model focuses on growing its established positions in high value niche markets. Its largest activity is aluminium rolling which contributes more than 80% to its revenue, with the balance comprising extruded products and other downstream products. Although the local market is an important and growing element of Hualamin's business, a significant portion of rolled products are exported to regions such as Europe, North America, the Middle East and Asia. Hualamin is recognised as one of the most successful export-based rolled products businesses in the world.

In 2000, Hualamin commissioned the R2.4 billion expansion programme, in order to grow its rolled products capacity from 50 000 tons to an original estimate of 150 000 tons per annum. This expansion resulted in improved manufacturing processes from new and improved equipment and has improved quality, service and cost competitiveness, not only in the local market but also in niche markets across the globe. The installed equipment has performed above expectations and estimates of its nominal capacity have increased above the initial level of 150 000 tons to approximately 210 000 tons per annum. In October 2006 a R950 million project was approved to further grow volumes of high value products and increase capacity to 250 000 tons per annum.

Hualamin has developed and implemented a sales mix optimisation model that seeks to shift production to increasingly higher margin and more technically demanding products. In these markets, customers' supply choice and market flexibility is limited by the decreasing number of suppliers and the dominance, of a few major multinational producers. This has resulted in increased customer loyalty towards independent rolling mills, particularly those able to supply high specification, tight tolerance products. Consequently, demand for Hualamin's products continues to exceed available capacity and Hualamin is well positioned to sell its full capacity in higher value products, to respond to attractive market opportunities and to capitalise on many growth opportunities.

There is no government protection or any investment encouragement law affecting the business of Hualamin, other than applicable local tariff protection, and there have been no material changes to the business or the trading objectives of Hualamin and its subsidiaries during the past five years.

### **2.1.4 Operations**

Hualamin produces rolled and extruded and other downstream commercial products. Rolled products sales comprise approximately 80% of total sales and the balance is extruded and other downstream products referred to as commercial products. A segmental analysis setting out the contributions of the operations is detailed in Annexure 1.

#### **2.1.4.1 Rolled Products**

##### **Overview**

Hualamin manufactures technically demanding, world-class quality, high value aluminium semi-fabricated products. These include heat treated plate, can end stock, thin gauge foil, and brazing sheet for automotive heat exchangers. Other niche products include superior finish painted products, closure sheet and bright tread plate.

Hulamin delivers these products to more than 350 export customers in over 50 countries around the world, on flexible and demanding delivery schedules. Approximately 70% of the rolled products output is exported.

The rolled products plant located in Pietermaritzburg constitutes the major activity and includes a number of hot and cold rolling mills together with foil mills, remelt facilities, coating lines and other precision finishing equipment.

The ability to maximise the utilisation of installed capacity, both in terms of total sales volumes and optimisation of the product mix, remains a key element in the profitability of the rolling business.

#### **Manufacturing process**

The rolled products operation uses Direct Chill (“DC”) casting/hot rolling technology which is widely used and accepted as the standard for technically demanding products. The majority of Hulamin’s rolling ingot is cast in its own remelt facilities. The balance of ingot requirements is sourced locally. After sawing and scalping the cast ingots, they are hot rolled by either of the two hot rolling mills. Following hot rolling, all products other than plate are cold rolled on the cold rolling mills to the customer’s required gauge. Further finishing equipment includes three foil mills, two coating lines and slitting and shearing equipment.

Plate products are rolled to gauge on the hot mills, and finished with a combination of stretching, heat treatment, and sawing in a dedicated plate facility.

##### **2.1.4.2 Hulett-Hydro Extrusions**

Hulamin is a leading producer of extruded aluminium products for the building and construction, transport, automotive and other engineering industries. It has four plants supplying a wide range of markets and with a particular capability to produce large and complex extruded sections. The business operates out of three plants in Johannesburg, Pietermaritzburg and Cape Town and produces approximately 20 000 tons per annum. It also has a joint interest with the Zimbabwean Industrial Development Corporation in an extrusion operation in Zimbabwe. The Company has 40 years’ experience in developing and servicing the South African market and exporting to customers around the world.

Hulett-Hydro Extrusions’ mission is to become sub-Saharan Africa’s leading extruder with a strategy to further develop the local market for aluminium extrusions and to service local and export customers with quality extrusions to encourage their further growth.

##### **2.1.4.3 Commercial Products**

Hulamin owns a number of strategically positioned downstream operations involved in the distribution of aluminium products and the manufacture of a diverse range of products which include rigid foil containers, high-pressure aluminium cylinders and cladding products for the construction industry.

## **2.2 Future prospects**

Hulamin’s expansion in recent years provides the platform for a continued growth phase ahead.

Approximately 1.4 million tons of primary aluminium is produced annually in the South African region of which approximately 0.3 million tons per annum is beneficiated locally and the balance is exported in unbeneficiated form. Hulamin has grown the annual volumes of locally beneficiated aluminium by approximately 140 000 tons over the last five years and has the opportunity and the ability to maintain this momentum well into the future.

The rolled products business currently exports 70% of its output and is focusing increasingly on the production of high value complex products where there are high barriers to entry, both in terms of technological and capital requirements. There are relatively few producers of these products globally and these market sectors are dominated by a few major multi-national producers. The international customer base is accordingly very receptive towards smaller independent producers such as Hulamin. The global demand for rolled products is growing at approximately 5% per annum and Hulamin has less than 2% of the market. With a proven track record established, Hulamin has the market opportunity to more than double its sales within the next ten years.

Hulamin has a very competitive cost position and is comfortably at the lower end of the global cost curve. The business operates in a low cost region and its unit costs also benefit from the high level of capacity utilisation that the Company is able to achieve. Hulamin operates at more than 90% of its capacity whereas the global average has been slightly above 70% in recent years. Hulamin's profitability therefore compares well with industry levels and should still improve further as the business continues to grow its volumes, improve its mix and drive its costs down.

The initial market focus after the previous major expansion was on securing positions in large international markets in order to secure sales for Hulamin's rapid growth in output and capacity utilisation. Sustained economic growth in South Africa has now given rise to increasing opportunities in the local market. Hulamin has allocated resources to the development of these opportunities and as a consequence, local sales volumes have grown by close to 50% in the past three years.

The company embarked on a R950 million expansion project in October 2006 to further capitalise on market opportunities, to be funded as detailed in paragraph 4.6.2.1. This expansion is scheduled to come on stream in 2009 and is planned to, *inter alia*:

- increase the rolled products capacity from 210 000 tons to 250 000 tons;
- provide increased capacity for the production of thin gauge foil and heat treated plate which will further improve the product mix; and
- generate further reductions in unit costs.

The capital cost per additional ton of capacity in this expansion is significantly lower than in the previous major expansion. It is expected that further expansions can also be implemented at lower capital costs.

Hulett-Hydro Extrusions has undergone significant reorganisation and repositioning. The business has been turned around and having grown sales by 40% in the last three years, has generated significantly improved returns. The business has recently completed several investments which will unlock additional capacity, and sustained growth.

The Commercial Products operations have also experienced significant growth and are presently being re-structured in order to more aggressively pursue market opportunities.

A fundamental factor underpinning Hulamin's future prospects is its human resource capability. In this regard Hulamin has been investing in training at a level that exceeds 5% of the annual payroll cost, which is approximately double the national average. The board is satisfied that there is considerable technical expertise and experience at all levels in the business. The executive team has an average of more than 20 years experience in the industry. Hulamin's employment equity profile is encouraging with 52% of its management being black. The average period of service of these black managers is fifteen years, which is a reflection of the sustained commitment that the business has made towards achieving this employment equity profile.

It is particularly pleasing that Hulamin's BEE profile is being further enhanced by the introduction of significant black equity ownership and the participation of all employees in the ownership of the Company. These developments further strengthen the distinctly South African culture of the business, a culture that should enable it to fully exploit the significant opportunities that lie ahead.

### **3. BEE TRANSACTION**

#### **3.1 Introduction**

The board recognises that BEE is a social and commercial imperative to the long-term development and sustainability of the South African economy and the Hulamin business. To date, Hulamin has focused its efforts on human resource capability, which is evident in Hulamin's employment equity profile outlined in paragraph 2.2 above.

Hulamin has successfully undertaken numerous other meaningful and sustainable BEE initiatives, including, *inter alia*, preferential procurement, skills development, enterprise development and community involvement.

Furthering its commitment to meaningful and sustainable transformation, Hulamin has concluded agreements which will facilitate the acquisition of an effective 15% interest in Hulamin by the BEE partners, immediately after the listing of Hulamin on the JSE and prior to the unbundling of Hulamin from THG, as follows:

- (i) BEE SPV will subscribe for a 10% interest in a wholly owned subsidiary of Hulamin, Hulamin Opco and will subscribe for 25 million Hulamin A ordinary shares which will initially entitle BEE SPV to 10% of the voting rights in Hulamin; and
- (ii) Hulamin will also implement the MSOP and the ESOP in respect of 5% of the issued capital of Hulamin.

The broad-based BEE groups who have accepted Hulamin's invitation to participate in the BEE transaction are:

- (i) Imbewu as one of the BEE anchor partners and also representing broad-based beneficiaries;
- (ii) Makana as one of the BEE anchor partners; and
- (iii) various broad-based groupings involved in education, healthcare and social upliftment.

The BEE partners have been carefully selected and are expected to play an important role in building the Hulamin business.

### **3.2 Rationale**

The unbundling has created an opportunity to attract value-add BEE partners into what will be an independent producer of rolled, extruded and other semi-fabricated and aluminium finished products.

The BEE partners have been carefully selected to ensure that the long-term objectives of sustainable and meaningful transformation are achieved and will play a leading role in driving shareholder value and realising the growth ambitions of the Company.

Hulamin management is confident that the implementation of the BEE transaction will further strengthen the distinctly South African culture of the business, which will assist the Company to fully exploit the significant opportunities that lie ahead.

### **3.3 Structure and funding of the BEE transaction**

#### **3.3.1 Hulamin Opco**

In anticipation of the listing and unbundling and in order to facilitate the participation of BEE partners at an operational level, Hulamin will dispose of all of its operations to a wholly owned subsidiary, Hulamin Opco for R8 211 million, as a going concern, in terms of section 228 of the Companies Act. Hulamin will apply the disposal proceeds to:

- (i) subscribe for an additional 241 Hulamin Opco ordinary shares for a total consideration of approximately R337.5 million (Hulamin will hold 342 ordinary shares in Hulamin Opco);
- (ii) subscribe for 50 000 000 Hulamin Opco preference shares for a total consideration of R6 520 million; and
- (iii) loan R1 354 million to Hulamin Opco for the balance of the disposal proceeds of which approximately R754 million will be repaid at inception with money raised by Hulamin BEE SPV (R566 million), as set out in paragraph 3.3.2 below.

#### **3.3.2 BEE SPV**

Immediately after the listing and prior to the unbundling of Hulamin, the following steps will be undertaken:

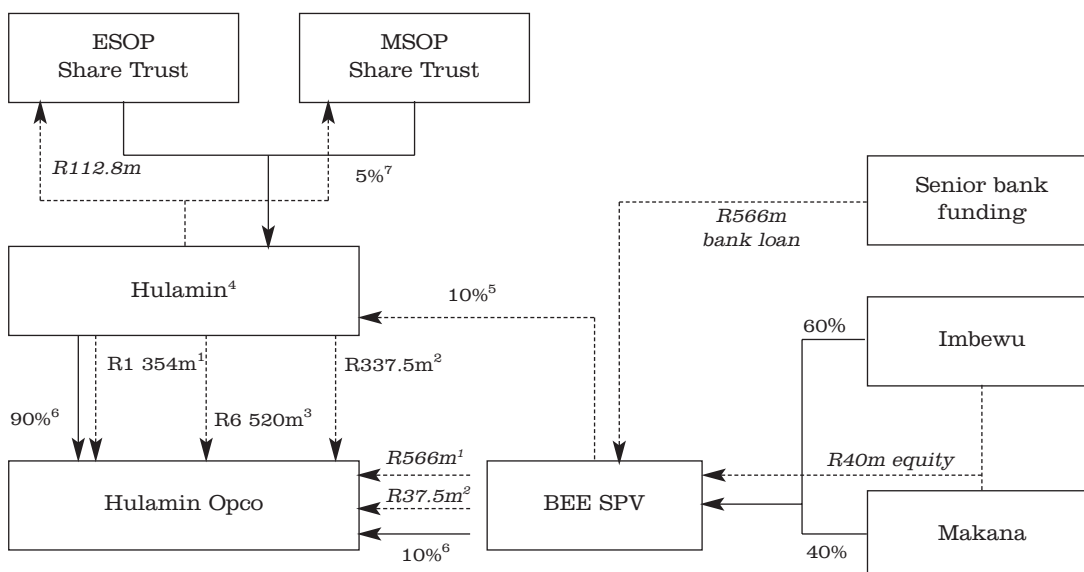
- (i) Imbewu and Makana will subscribe for shares in BEE SPV as follows:
  - (a) Imbewu will subscribe for 60% of BEE SPV; and
  - (b) Makana will subscribe for 40% of BEE SPV.
- (ii) BEE SPV will subscribe for 38 Hulamin Opco shares for a total cash consideration of R37.5 million which will represent an effective 10% interest in Hulamin Opco.
- (iii) the BEE transaction will be funded as follows:
  - (a) total equity contributions by Imbewu and Makana of R40 million into BEE SPV of which R37.5 million will be used to subscribe for the Hulamin Opco shares referred to in (ii) above and the remaining R2.5 million will be used to subscribe for Hulamin A ordinary shares as set out in paragraph 3.1; and
  - (a) a partially amortising term bank loan facility of R566 million to BEE SPV, which will in turn be advanced by BEE SPV to Hulamin Opco as a shareholders loan. The details of this loan are set out in paragraph 4.6.2.1.



### 3.3.3 Subscription for shares in Hulamin Opco

- (i) BEE SPV will subscribe for 38 Hulamin Opco shares which will constitute a 10% interest in Hulamin Opco for a consideration of R37.5 million. In addition BEE SPV will advance R566 million to Hulamin Opco in shareholder loans on terms matching the bank loan referred to in paragraph 4.6.2.1. The subscription consideration is based on the enterprise value less net debt and certain pre-agreed adjustments;
- (ii) the BEE SPV loan will first be applied to repay a portion of the loans of approximately R1 354 million made by Hulamin to Hulamin Opco arising from the sale of business referred to in paragraph 3.3.1;
- (iii) on the seventh anniversary of the effective date, unless the event envisaged in sub paragraph (iv) below takes place or unless otherwise agreed by Hulamin and BEE SPV, the Hulamin Opco shares will be exchanged, on an equivalent value basis, for listed ordinary shares in Hulamin, up to a maximum of 11.1% of the issued share capital of Hulamin. The BEE partners and BEE SPV will be subject to lock in provisions for a further period of three years after which they will have the option to put their Hulamin ordinary shares to Hulamin;
- (iv) if, prior to the seventh anniversary of the effective date, a third party or shareholder offer is made to acquire all of the shares in Hulamin as a result of which such third party or shareholder acquires beneficial ownership, of all or a majority of the issued ordinary shares in Hulamin and Hulamin is de-listed from the JSE, then Hulamin shall have a call option to acquire BEE SPV's Hulamin Opco shares and shareholder loans within 180 days after the change of control and delisting takes place. If Hulamin does not exercise this call option within 180 days then BEE SPV will remain a shareholder of Hulamin Opco and the exchange referred to in sub-paragraph (iii) will not take place on the seventh anniversary of the effective date. Hulamin may, however, elect to implement the exchange at any time after the seventh anniversary of the effective date. If the exchange envisaged in sub-paragraph (iii) has not taken place by the tenth year after the effective date, BEE SPV may put its Hulamin Opco shares and shareholder loans (if any) to Hulamin;
- (v) BEE SPV has agreed to a lock in for a period of 10 years in relation to the Hulamin Opco shares and/or in relation to the Hulamin ordinary shares following an exchange of shares as recorded in sub paragraph (iii), as the case may be; and
- (vi) The ESOP Share Trust and MSOP Share Trust will each subscribe for B ordinary shares representing a collective interest of 5% in Hulamin. The B ordinary shares will not be listed on the JSE but will rank *pari passu* with the Hulamin ordinary shares other than for certain rights and obligations attaching to these shares set out in Annexure 9.3.

The BEE transaction structure and funding is illustrated below:



1. Shareholder loans.
2. Equity contributions.
3. Hulamin Opco preference shares.

4. *Listed on the JSE.*
5. *Subscription for 25 million Hulamin A ordinary shares (voting only) for R2.5 million.*
6. *Hulamin Opco ordinary shares.*
7. *Hulamin B ordinary shares.*

#### **3.3.4 Creation of the A ordinary shares**

Hulamin has increased its authorised ordinary share capital by creating 34 000 000 Hulamin A ordinary shares. The Hulamin A ordinary shares will not be transferable, except with Hulamin's prior written consent and will not be listed on the JSE.

Hulamin has been granted dispensation from the JSE in order to allow the holder of the A ordinary shares to vote. In terms of this dispensation, the votes attaching to each class of shares in issue in Hulamin will be afforded equal rank and all votes are to be counted collectively. Holders of Hulamin A ordinary shares shall not be entitled to any additional votes or veto rights.

The A ordinary shares will not carry any dividend or other economic rights, but will entitle the holder, BEE SPV, to initially exercise 10% of the voting rights attaching to the Hulamin ordinary shares in issue at a general meeting until BEE SPV ceases to hold shares in Hulamin Opco at which time the Hulamin A ordinary shares will be repurchased by Hulamin at their par value of R0.10 per share.

Annexure 7 sets out the detailed terms of the A ordinary shares.

#### **3.3.5 Specific issue of A ordinary shares**

BEE SPV will subscribe for 25 000 000 A ordinary shares at par value (aggregating to R2.5 million), which will initially entitle BEE SPV to 10% of the voting rights attaching to the Hulamin ordinary shares in issue.

The A ordinary shares have no economic value or rights other than voting rights and hence the subscription value is considered to be representative of the value attaching to such voting rights.

BEE SPV is not a public shareholder as defined in paragraph 4.25 of the JSE Listings Requirements as J B Magwaza, a director of THG and a shareholder of Imbewu, is a related party to Hulamin as defined in the JSE Listings Requirements. A fair and reasonable opinion from an independent professional expert acceptable to the JSE required in terms of paragraphs 5.51(f) and 10.4(f) of the JSE Listings Requirements is set out in Annexure 4 to the THG Limited circular.

The financial effects of the BEE transaction which incorporates the specific issue of the Hulamin A ordinary shares are set out in Annexure 3.

#### **3.3.6 Material provisions of the Hulamin BEE transaction agreements**

Hulamin intends to achieve a BEE rating (the "Hulamin Minimum Rating") which is in line with the guidelines issued by the DTI in the BEE Codes as a result of the BEE transaction and the BEE partners have given various undertakings in the BEE transaction agreements that they will not do anything to jeopardise the Hulamin Minimum Rating. The exact rating will be determined through further consultation with advisors and rating agencies, but once determined, will form the benchmark rating for the purposes of measuring compliance by the BEE partners. In addition Hulamin has the right to restructure the transaction if it ceases to achieve the Hulamin Minimum Rating. This right to restructure includes instances where the Hulamin Minimum Rating is not achieved by reason of breach on the part of the BEE partners or as a result of factors outside of the BEE partners' control (for instance a change in law).

The BEE transaction agreements include various undertakings given by, and restrictions imposed on, the BEE partners to minimise the risk of any change to the composition of the BEE structure. In addition the BEE transaction agreements include mechanisms both to minimise the risk of insolvency of the principal BEE partners and to ensure that any change to the BEE partners is undertaken in a controlled manner and that any new BEE party is acceptable to Hulamin.

The agreements also include provisions designed to prevent the BEE partners using any Hulamin confidential information to compete with Hulamin.

### 3.3.7 Conditions precedent applicable to the BEE transaction

The BEE transaction is subject to the following conditions precedent which shall be fulfilled, or, where relevant, waived, on or before 31 July 2007:

- the approval by THG shareholders in general meeting of all the resolutions required to implement the transactions;
- the listing and unbundling of Hulamin becoming unconditional;
- Hulamin confirming in writing (after having consulted with Hulamin BEE SPV) that it is satisfied that, through the implementation of the BEE transaction, Hulamin will achieve the Hulamin Minimum Rating as set out above;
- there being no breach of certain representations, warranties and undertakings contained in the BEE transaction agreements; and
- the Completion Agreement becoming unconditional and taking effect in accordance with its terms and conditions.

### 3.4 Proposed changes to the board

Upon implementation of the BEE transaction, Johannes Bhekumuzi Magwaza (Alternate: S P Ngwenya) will be nominated by Makana and Imbewu to the Hulamin board as a non-executive director.

As a non-executive director, he will be entitled to earn directors fees on the same terms and conditions as the other non-executive directors and will be entitled to appoint an alternate to act on his behalf.

Brief CV's of the aforesaid directors are set out in Annexure 8.

### 3.5 Information on the BEE partners

#### Imbewu

Imbewu is a black controlled consortium which will own an effective 6% of Hulamin Opco through BEE SPV. The shareholders of Imbewu are:

<b>Shareholder</b>	<b>Percentage interest in Imbewu</b>	<b>Percentage indirect interest in Hulamin Opco</b>
J B Magwaza	16.3	0.98
Imbewu Capital Partners	29.2	1.75
Sipho Madonsela	4.2	0.25
Strategic Partners and broad-based groupings	50.3	3.02

J B Magwaza is the Chairman of the Imbewu Consortium and is also currently a director of THG. He has a 16.3% stake in Imbewu.

Imbewu Capital Partners is a black controlled private equity and investment holding company. Geina Zondi is a founder and the Chief Executive and owns 40% of Imbewu Capital Partners. Imbewu Capital Partners has a 29.2% stake in Imbewu.

Sipho Madonsela is a Pietermaritzburg based businessman who founded and is currently the Chief Executive of Emzansi Consulting Engineers, a firm of 55 professional engineers specialising in civil, mechanical and electrical engineering. He is currently the President of the Engineering Council of South Africa.

The broad-based groupings associated with Imbewu include the following:

- (i) The Mehlesizwe Trust which has numerous beneficiaries including rural women's groups, youth and disabled groupings and other developmental trusts in KwaZulu-Natal;
- (ii) An Engineers' Trust representing the interests of 87 engineers who are members of the National Society of Black Engineers; and
- (iii) The SMME Trust representing the interests of 56 small, medium and mid-size entities associated with the Business Support Centre ("BSC") in Pietermaritzburg. BSC is an organisation focused on the development of black micro enterprises in and around the Pietermaritzburg area. BSC's objective is to source and establish business opportunities for small and medium sized enterprises and support their development. BSC has been operating since 1996 and Hulamin has been a supportive partner since its inception.

## **Makana**

Makana, which is controlled by Makana Investment Corporation, will own an effective 4% of Hulamin Opco through BEE SPV. The shareholders of the Makana Consortium are:

<b>Shareholder</b>	<b>Percentage interest in Makana</b>	<b>Percentage indirect interest in Hulamin Opco</b>
Makana Investment Corporation	60.0	2.40
Makana Trust	51.0	1.22
African Sky	22.5	0.54
Autshumatu Investments	16.5	0.40
Wild Orchard	10.0	0.24
Makana Investment KZN	40.0	1.60
Makana Investment Corporation	40.0	0.64
KZN EPPC Committee (Section 21 company)	40.0	0.64
EPPC KZN management	20.0	0.32

Makana Investment Corporation was formed as a commercial entity to enable former political prisoners to participate in the South African economy. Makana Investment Corporation has broad-based representation and is the majority shareholder in Makana with a 60% direct stake.

The majority shareholder of Makana Investment Corporation is Makana Trust (51%). Makana Trust was established in 1996 to address the needs of ex-political prisoners and has an estimated 6 450 beneficiaries. The current trustees include Peter-Paul Ngwenya, Soto Ndukwana, Margaret Ndlovu, Nolitha Yvonee Vukuza-Linda and Tokyo Sexwale.

Peter-Paul Ngwenya is a founder member and executive chairman of Makana Investment Corporation. Peter-Paul is a 22.5% shareholder in the Makana Investment Corporation through African Sky.

Autshumatu Investments is 100% black owned and has 8 shareholders including Sfiso Buthelezi, the former economic advisor to the MEC of the province of KwaZulu-Natal, who is a 22.5% shareholder in Autshumatu Investments.

Wild Orchard is an investment company that is 83% black owned and controlled.

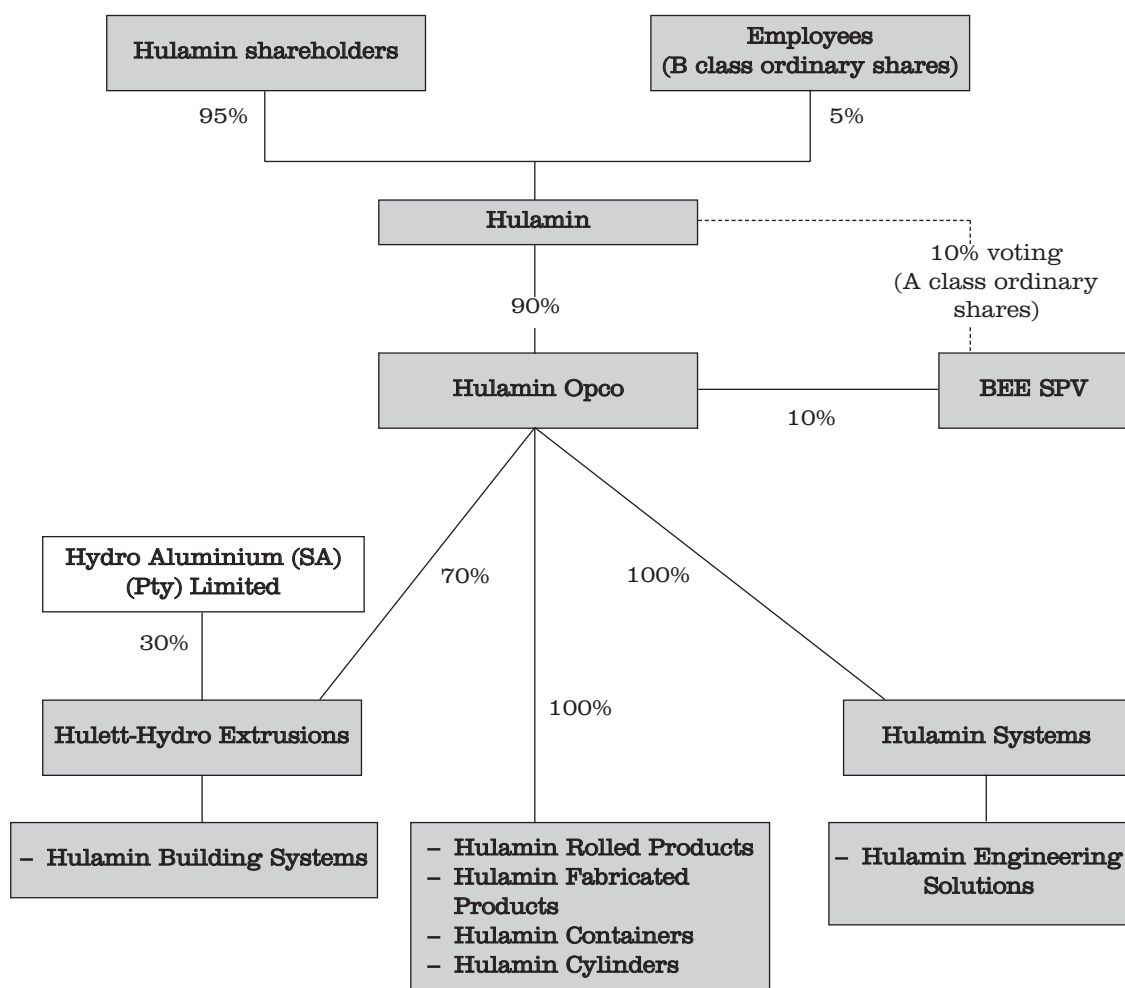
Makana Investment KZN is a 40% shareholder in the Makana Consortium. The company was formed to take advantage of local SMME business opportunities in KwaZulu-Natal and enable KwaZulu-Natal-based ex-political prisoners to benefit from growth opportunities in the province. Its shareholders include Makana Investment Corporation (40%) and the KZN EPPC Committee which is a Section 21 company owning 40%. The EPPC management in KwaZulu-Natal has a 20% stake in Makana Investment KZN.

## **Other beneficiaries**

Hulamin and the BEE anchor partners have identified a number of broad-based groupings involved in education, healthcare and social upliftment to participate in the BEE transaction. This participation will form part of the broad-based groupings within the Imbewu Consortium.

### 3.6 Hulamin Organisational Structure

The structure below sets out the group structure post-implementation of the steps above:



## 4. FINANCIAL INFORMATION

- 4.1** The audited historical financial information for the financial years ended 31 December 2004, 31 December 2005 and 31 December 2006 is set out in Annexure 1 to this pre-listing statement.
- 4.2** The independent reporting accountants' report on the historical financial information of Hulamin is set out in Annexure 2 to this pre-listing statement.
- 4.3** Unaudited *pro forma* financial information for the year ended 31 December 2006 is set out in Annexure 3 to this pre-listing statement.
- 4.4** The independent reporting accountants' report on the unaudited *pro forma* financial information of Hulamin is set out in Annexure 4 to this pre-listing statement.
- 4.5** Up to the last practicable date, there has been no material change in the financial or trading position of Hulamin since the 12-month period ended 31 December 2006.

### 4.6 Loans

#### 4.6.1 Borrowing powers

Extracts from the articles reflecting the borrowing powers of the Hulamin group exercisable by the directors and the manner in which such borrowing powers may be varied are set out in Annexure 7 to this pre-listing statement.

The borrowing powers of the Hulamín group have not been exceeded during the three years preceeding the date of this prelisting statement. There are no restrictions on the borrowing powers of Hulamín other than as contained in the articles as set out in Annexure 7 and the funding agreements mentioned in paragraph 4.6.2.1. The Company has not applied for foreign funding and borrowings have therefore not been restricted in terms of exchange control regulations.

#### 4.6.2 Borrowings

##### 4.6.2.1 Material loans

The details of material loans made to Hulamín and/or any of its subsidiaries at the last practicable date are set out in Annexure 11.

The following facilities were approved in terms of agreements dated 25 April 2007, and do not include any conversion or redemption rights:

(a) **Partially amortising senior facility to BEE SPV**

Borrower	BEE SPV
Lenders	The Standard Bank of South Africa Limited and Rand Merchant Bank
Amount	R566 000 000
Purpose	To fund BEE SPV shareholder loan to Hulamín Opco
Term	7 years
Interest rate	110 bps nacq above 3-month Jibar will apply
Payment profile	Interest capitalised quarterly in arrears and serviced semi-annually in arrears  Semi-annual repayments as follows 1 - 4 = R nil 5 - 13 = R11.6 million 14 = R11.6 million plus a final payment of R450 million
Guarantee	Hulamín and Hulamín Opco will guarantee the obligations of BEE SPV
Funding of repayments	Internally generated cash flows

(b) **Fully amortising senior facility to Hulamín Opco**

Borrower	Hulamín Opco
Lenders	The Standard Bank of South Africa Limited and Rand Merchant Bank
Amount	R334 000 000
Purpose	For general corporate purposes.
Term	7 years
Interest rate	110 bps nacq above 3-month Jibar will apply
Payment Profile	Interest capitalised quarterly in arrears and serviced semi-annually in arrears.  Semi-annual capital repayments, the first on 31 December 2009, made in amounts no less than those required to ensure that the total outstandings under this Facility B pursuant to each such repayment do not exceed the maximum permissible outstandings set out in the agreement with the balance of capital repayable at the end of the term
Guarantee	Hulamín guarantees the obligation of Hulamín Opco
Funding of repayments	Internally generated cash flows

(c) **General Short-Term Facility to Hulamin Opco**

Borrower	Hulamin Opco
Lenders	The Standard Bank of South Africa Limited and Rand Merchant Bank
Amount	R550 000 000
Purpose	To fund working capital.
Term	Repayable by the Borrower on 360 days' written notice from the Lenders
Interest rate	Rates linked to JIBAR
Guarantee	Hulamin guarantees the obligation of Hulamin Opco
Funding of repayments	Internally generated cash flows

The funds will be advanced to Hulamin in terms of these facilities prior to date of the listing in order to:

- repay the existing THG short-term loan of approximately R1.116 million; and
- provide for Hulamin's ongoing funding requirements, including the R950 million expansion project.

The following security is to be furnished in respect of the above borrowings will be as follows:

- First ranking cession of book debts of Hulamin Opco;
- First ranking mortgage bonds over all the fixed property of Hulamin Opco;
- First ranking general notarial bond/s over stock of Hulamin Opco (subject to any liens in favour of the suppliers);
- First ranking special notarial bond/s over the moveable assets of Hulamin Opco;
- Pledge and cession of BEE SPV's Shareholder Loan in Hulamin Opco;
- Cross-suretyships by Hulamin and all material Group wholly owned subsidiaries (if any);
- First ranking pledge and cession of cash held in bank accounts of Hulamin Opco and shares in and claims against material subsidiaries;
- Pledge and cession of a collections account opened by BEE SPV (into which Hulamin Opco repays BEE SPV's shareholder loan);
- Subordination of Hulamin's shareholder loan from Hulamin to the claims of the lenders; and
- Pledge and cession of insurance policies of Hulamin Opco.

4.6.2.2 Material inter-company finance and other transactions

	<b>R'000</b>
Hulett-Hydro Extrusions	
– Loan balance owing at 31 March 2007	152 779
Aluminium City Partnership	
– Loan balance at 31 March 2007	81 814
Interest received for the three months ended 31 March 2007	3 165

The loans are unsecured, have no fixed repayment terms and interest is charged at market related rates.

4.6.2.3 Material commitments, lease payments and contingent liabilities

	<b>R'000</b>
Capital expenditure commitments at 31 March 2007	
– Contracted	307 055
– Approved but not contracted	730 454
	1 037 509

The above capital expenditure commitments are in relation to property, plant and equipment. The group has no material expenditure commitments regarding intangible assets. Capital expenditure will be funded by a combination of external borrowings and cash flow from operations.

#### 4.6.2.4 Contingent liabilities

The Company has a contingent liability at 31 December 2006 of R4.18 million in respect of a dispute with the Department of Trade and Industries (“DTI”) relating to GEIS claims. The effect of this contingent liability will only be determined based on the outcome of the court hearing. A date for the court hearing is still to be set.

Towards the end of 2004 Hulamin terminated a contract with Sahara Aluminium Works (“Sahara”), a toll processor of the company’s coated scrap. Sahara has claimed that there existed a long term constructive contract with Hulamin which would require a ten year notice period to be given before this contract could be terminated. Sahara has thus claimed R17.8 million from Hulamin, largely in respect of the loss of profits that Sahara would have earned over ten years, arising from the early termination of the purported constructive contract. A liability has not been raised for this amount as there is only a remote possibility that Sahara will succeed in its claim.

Other than disclosed there are no other material commitments, lease payments and contingent liabilities.

#### 4.6.2.5 Loan capital

There is no loan capital outstanding other than as detailed in Annexure 11. No amounts have yet been drawn from the facilities referred to in paragraph 4.6.2.1.

#### 4.6.3 Loans receivable

No material loans were made by Hulamin and/or any of its subsidiaries at the last practicable date. The loan to the associate company mentioned in Annexure 1 is unsecured, interest free, with no fixed repayment terms.

#### 4.6.4 Security furnished

Other than set out in paragraph 4.6.2.1, and the encumbered assets mentioned in note 2 to the Financial Statements, no security has been furnished by Hulamin and/or any of its subsidiaries at the last practicable date.

### 4.7 Working capital statement

The Hulamin directors, having considered the effects of the unbundling and the separate listing of Hulamin, are of the opinion that:

- the Company and the group will be able, in the ordinary course of business, to pay its debts for a period of 12 months from the date of this document;
- the assets of the Company and the group will be in excess of the liabilities of the Company and the group, for a period of 12 months after the date of this document, measured in accordance with the accounting policies used in the audited annual financial statements for the year ended 31 December 2006;
- the ordinary share capital and consolidated reserves of the Company and the group will be adequate for a period of 12 months from the date of this document; and
- the working capital of the Company and the group will be adequate for a period of 12 months from the date of this document.

## 5. DIRECTORS AND SENIOR MANAGEMENT

### 5.1 Directors of Hulamin at the last practicable date

The names, ages, business addresses, functions, qualifications, occupations, nationalities and brief CV’s of the directors and senior management are set out in Annexure 8.

None of the directors have declared:

- any bankruptcies, insolvencies, or individual voluntary compromise arrangements of such person;
- any receiverships, compulsory liquidations, creditors voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company where such person is or was a director with an executive function of such company at the time of or within the 12 months preceding any such



event(s); other than Mr P Baum, who has advised that the following companies in which he was acting in an executive capacity and which were wholly owned subsidiaries of Anglo American were wound up voluntarily by the members:

1. AACMED Holdings (Proprietary) Limited – a wholly-owned subsidiary of Anglo American is in voluntary liquidation, but has not been liquidated as yet.
  2. Anglo American Corporation (Central Africa) Limited – a wholly-owned subsidiary of Anglo American – voluntary liquidation concluded.
  3. Edise Société Anonyme Holdings AG – voluntary liquidation concluded;
- any compulsory liquidations, administrations or partnership voluntary arrangements of any partnership where such person is or was a partner at the time of or within the 12 months preceding such event(s);
  - any receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of or within the twelve months proceeding such event(s);
  - any details of any public criticism of such person by statutory or regulatory authorities, including recognised professional bodies, and whether such person has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company; and/or
  - any offence involving dishonesty.

All of the existing directors have submitted or will submit duly completed directors declarations in compliance with Schedule 21 of the Listings Requirements and newly appointed directors will submit duly completed declarations in compliance with Schedule 21 of the Listings Requirements.

## 5.2 Proposed directors of Hulamini

Pursuant to the unbundling, the Hulamini board will comprise:

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### Non-executive directors:

- \* M Mkwanazi (*Chairman*) \*\*
  - P M Baum
  - I Botha
  - V N Khumalo
- \* J B Magwaza Alternate: \* S P Ngwenya
- \* T P Leeuw \*\*
- \* L Cele \*\*
- P H Staude \*\*

### Executive directors:

A Fourie (*CEO*)  
C D Hughes (*CFO*)  
M Z Mkhize

\* New appointments.

\*\* Independent non-executive

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In line with the trend to have smaller boards, the following Hulamini board members will resign with effect from the transaction completion date:

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### Non-executive directors:

L W J Matlhape  
M H Munro  
S J Saunders\*  
C M L Savage  
M P Zambane  
\* Alternate

### Executive directors:

F B Bradford\*  
R G Jacob\*  
C J Little\*  
T K Mshengu\*  
D F Timmerman\*  
\* Alternate

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Executives that will be members of a newly constituted Executive Management Committee are:

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F B Bradford  
A Fourie  
C D Hughes  
R G Jacob  
C J Little  
M Z Mkhize  
T K Mshengu  
D F Timmerman

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### **5.3 Terms of office of directors**

Terms of office and rights of shareholders to appoint directors are contained in Articles 68 and Articles 69 of the articles as set out in Annexure 7.

Executive directors have no service contracts and conditions of employment are governed by engagement letters. Executive directors retire between the ages of 55 and 65. Pension and provident fund payouts are based on period of service and no provision is made for restraint of trade payments or retrenchment packages.

Details of directors' remuneration and share options are set out in Annexure 8. During the year ended 31 December 2006, no fees were paid or accrued to third parties or accrued in lieu of directors' fees, other than those set out in Annexure 8.

### **5.4 Directors' powers**

A summary of the provisions of the articles with regard to:

- qualification of directors;
- remuneration of directors;
- any power enabling the directors to vote remuneration to themselves or any members of the board;
- any power enabling a director to vote on a proposal, arrangement or contract in which he is materially interested;
- any power enabling the directors, in the absence of an independent quorum of the board of directors, to vote on remuneration, including pension or other benefits to themselves or any members of the board;
- borrowing powers exercisable by the directors and how such borrowing powers can be varied; and
- retirement or non-retirement of directors under an age limit,

is set out in Annexure 7 to this pre-listing statement.

### **5.5 Directors' interests in securities**

The interests of the directors in securities of the Company are set out in Annexure 8 to this pre-listing statement.

### **5.6 Company Secretary**

The name, professional qualifications and business address of the Company Secretary are set out on page 1 of this pre-listing statement.

### **5.7 Director interests in transactions**

No director had any material beneficial interest in transactions effected by Hulamin either during the current or immediately preceding financial year, or in an earlier financial year and which remain in any respect outstanding or unperformed.

No director has been paid any monies to induce him to become a director in the three years preceding the date of this pre-listing statement.

The THG board introduced an incentive plan whereby the executive directors and the chief executive officer could earn a maximum potential payment ranging from 30% to 55% of annual cash package for the successful implementation of the Hulamin unbundling and the introduction of BEE equity participation in both Hulamin and TH. The Hulamin chief executive officer and chief financial officer participate in this plan and could earn a maximum potential payment of 50% and 30% of cash package, respectively.

Other than the incentive plan mentioned above and the MSOP set out in Annexure 9.3, no directors will benefit directly or indirectly in any other manner as a consequence of the implementation of the unbundling and the listing of Hulamín, save as shareholders of Hulamín and participants in the Hulamín share incentive schemes of which salient features are set out in Annexure 9.

It is not anticipated that the listing will result in any material changes to the remuneration of the directors, other than set out above and in Annexure 8.

No loans have been made or security furnished by Hulamín and or any of its subsidiaries to or for the benefit any director.

## 5.8 Promoters

No amounts were paid, or accrued as payable, within the preceding three years, or were proposed to be paid to any promoter, or to any partnership, syndicate or other association of which he/she/it felt fit is or was a member, and the consideration for such payment, and any other benefit given to such promoter, partnership, syndicate or other association within the said period or proposed to be given, and the consideration for the giving of such benefit.

No promoter had any material beneficial interest, direct, or indirect, in the promotion of Hulamín and in any property acquired by Hulamín out of the proceeds of the listing or during the three years preceding the date of this prelisting statement.

## 6. SHARE CAPITAL AND SHARE PREMIUM

### 6.1 Share capital and share premium

The authorised and issued share capital and share premium of Hulamín, at listing and shortly thereafter, will be as follows:

	<b>R'000</b>
<i>Authorised</i>	
240 000 000 ordinary shares of 10 cents each	24.00
34 000 000 A ordinary shares of 10 cents each	3.40
21 000 000 B ordinary shares of 10 cents each	2.10
8 000 000 B <sub>1</sub> class shares	
10 000 000 B <sub>2</sub> class shares	
3 000 000 B <sub>3</sub> class shares	
<i>Issued</i>	
Approximately 213 000 000 ordinary shares of 10 cents each	21.30
25 000 000 ordinary A class shares of 10 cents each	2.50
Approximately 11 000 000 ordinary B class shares of 10 cents each	1.10
Share premium	1 079.637

At the date of listing, the authorised share capital of Hulamín Limited will comprise 240 000 000 ordinary shares with a par value of 10 cents each. The exact number of Hulamín ordinary shares to be listed will be determined immediately prior to the listing and is dependant on the number of Tongaat-Hulett share options that will be exercised between the last practicable date and the date of the listing and will be twice the number of Tongaat-Hulett shares then in issue. Up to approximately 3 million Tongaat-Hulett ordinary shares can still be issued under the existing share incentive schemes of THG.

The A ordinary shares and the B ordinary shares will be issued immediately after the listing of Hulamín. The number of B ordinary shares to be issued is dependant on the number of shares in issue at the listing date.

The unissued authorised shares of the Company are under the control of the Hulamín directors in terms of the provisions of sections 221 and 222 of the Companies Act and any issue thereof is subject to the Listings Requirements.

No Hulamín ordinary shares or preference shares will be listed on any stock exchange other than the JSE. Hulamín has not issued any debentures.

## 6.2 Rights attaching to Hulamin ordinary shares

All the authorised and issued Hulamin ordinary shares other than the A ordinary shares and B ordinary shares are of the same class and rank *pari passu* in every respect, there being no conversion or exchange rights. Any variation of rights attaching to such shares will require a special resolution of Hulamin shareholders in general meeting in accordance with the articles. In accordance with the articles, at any general meeting, every Hulamin shareholder present in person or by proxy (or if a body corporate, duly represented by an authorised representative) shall have one vote on a show of hands and on a poll every Hulamin shareholder present in person or by proxy (or if a body corporate, duly represented by an authorised representative) shall be entitled to exercise that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by such Hulamin shareholder bears to the aggregate amount of the nominal value of all the shares issued by Hulamin.

The A ordinary shares are unlisted and will have no entitlements to any dividends or other shareholder distributions, but will initially be entitled to a 10% voting interest in Hulamin, as detailed in Annexure 7.

The B Ordinary Shares will be unlisted and the terms of these shares are detailed in Annexure 7.

Extracts from the articles relating to the rights attaching to Hulamin ordinary shares are set out in Annexure 7 to this prelisting statement.

## 6.3 Alterations to share capital

Prior to the listing and unbundling the authorised share capital of the Company was increased from R10 000 000 (comprising 10 million ordinary shares of R1.00 each) to R12 000 000 (comprising 12 000 000 ordinary shares of R1.00 each) with effect from 19 December 2006 and was further increased to R24 000 000 (comprising 24 000 000 ordinary shares of R1.00 each) with effect from 1 April 2007, by the creation of 14 000 000 par value shares of R1.00 each; and the issued share capital of the Company was increased from R10 000 000 (comprising 10 000 000 ordinary shares) to R11 100 100 (comprising 11 100 100 ordinary shares), by the issue of 1 100 100 ordinary par value shares of R1.00 each in terms of the following arrangements:

- On 29 December 2006, pursuant to the termination of the convertible loan mentioned in paragraph 2.1.2, 1 100 000 R1.00 par value shares were allotted and issued to shareholders, in terms of an agreement entered into at the time of the initial loan, as follows:

THG	550 000
IDC	330 000
Anglo South Africa Capital	220 000

- On 30 March 2007, the Hulamin JV partners loan accounts of R396 million were repaid. This amount was utilised to subscribe for 100 R1.00 par value shares as follows:

THG	50
IDC	30
Anglo South Africa Capital	20

On 1 April 2007, the authorised share capital of R24 000 000 divided into 24 000 000 ordinary par value shares of R1.00 each, was reorganised by sub-dividing each of the 24 000 000 ordinary par value shares of R1.00 each, of which 11 100 100 have been allotted and issued, into 10 ordinary par value shares of ten cents each, so as to result in an authorised share capital of R24 000 000 divided into 240 000 000 ordinary par value shares of ten cents each and an issued share capital of R11 100 100 divided into 111 001 000 ordinary par value shares of 10 cents each.

Prior to the listing date approximately 102 000 000 ordinary par value shares of 10 cents each will be issued to the existing shareholders as a capitalisation award, out of the share premium of the Company. The exact number of shares to be issued will depend on the number of Tongaat-Hulett shares in issue on listing date.

On 18 April 2007, the authorised share capital of Hulamin was further increased by R5 500 000 by the creation of A ordinary shares amounting to R3 400 000 divided into 34 000 000 shares of 10 cents each and B ordinary shares (B<sub>1</sub>, B<sub>2</sub> and B<sub>3</sub> class shares as detailed in paragraph 6.1) amounting to R2 100 000 divided into 21 000 000 shares of 10 cents each.

Other than as set out above, there have been no alterations to the share capital of Hulamin, including any issues, offers, consolidations or sub-divisions of securities, during the preceding three years.

#### **6.4 Options/Preferential rights**

Other than in terms of the Hulamín share incentive schemes, referred to in paragraphs 5.7 and 6.7, there are no contracts or arrangements in place giving options or preferential rights to any person to subscribe for any securities in Hulamín.

#### **6.5 Commissions in respect of underwriting**

There have been no commissions paid, or accrued as payable, to any person for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions for any of Hulamín's shares, during the three years preceding the date of this pre-listing statement. There have been no discounts, brokerages or other special terms granted during the three years preceding the date of the prelisting statement in connection with the issue or sale of any securities, stock or debentures in the capital of Hulamín, where this has not been disclosed in any audited annual financial statements.

#### **6.6 Dividends and dividend policy**

Any dividend remaining unclaimed for a period of three years from its declaration may, provided that notice of the declaration has been given to the person entitled thereto by prepaid letter sent to his last registered address be forfeited by resolution of the directors for the benefit of the Company.

The Hulamín directors intend to declare an annual dividend. The dividend policy will be reviewed by the Hulamín directors from time to time in light of the then prevailing circumstances and cash requirements of Hulamín.

#### **6.7 Hulamín share incentive schemes**

Prior to the listing and unbundling of Hulamín, participating employees of Hulamín participated in Tongaat-Hulett Group administered share option schemes. The settlement principles and provisions that will apply in terms of these schemes, and the new Hulamín share incentive plans adopted are set out in Annexure 9.

The BEE transaction will introduce the majority of employees of Hulamín to participation in share ownership structures, which are similar to those that have been applied by other leading companies in recent BEE transactions.

The majority of employees will participate in the ESOP while certain management levels will participate in the MSOP scheme, which has been developed specifically for managers from previously disadvantaged communities.

The proposed initiatives for employee participation were developed with the following objectives in mind:

- to retain and attract high calibre black employees at all levels within the organisation;
- to create a sense of ownership amongst the employees of the companies and engender an ownership culture in the workforce;
- to spread a significant proportion of the benefit of the BEE transactions amongst a wide group of individuals who are key to the sustained success of the business.

The employee participation in Hulamín will be effected through notional vendor funding structures. Senior black management and all permanent employees up to middle management level, the large majority of whom are black, will be invited to participate in the transaction through trusts set up for this purpose ("Employee Trusts").

The Employee Trusts will subscribe for B ordinary shares in Hulamín. The B ordinary shares will rank pari passu with the other ordinary shares (except for the A ordinary shares) except that Hulamín will retain the right to repurchase a proportion of these shares at the completion of the option period at their par value, in order to 'settle' the notional vendor funding extended to the Employee Trusts to acquire these shares. The shares held for the benefit of employees by the Employee Trusts will be under the control of the employees of Hulamín through their representation among the trustees.

The salient terms and conditions of the Hulamín share incentive schemes are set out in Annexure 9 to this pre-listing statement.

## 7. INFORMATION ON SHAREHOLDERS

### 7.1 Controlling shareholders

THG has had a 50% shareholding in Hulamín for the five years prior to the last practicable date.

Following the unbundling, Anglo South Africa Capital and the IDC will hold approximately 64.2% of the voting interest in Hulamín and Anglo South Africa Capital will be the controlling shareholder.

The respective economic and voting interests of the aforementioned parties is set out below:

Name	Percentage of Hulamín held	
	Economic	Voting
Anglo South Africa Capital	42.75	38.5
IDC	28.50	25.7

### 7.2 Major shareholders

Following the unbundling, THG shareholders will hold Hulamín ordinary shares in proportion to their shareholdings in THG.

Save as indicated in paragraph 7.1 above, the directors are not aware of the existence of any shareholder who beneficially owns 10% or more of the issued share capital of THG, and will hence own 5% or more of Hulamín, based on the shareholdings at the last practicable date.

## 8. PROPERTIES

### 8.1 Acquisitions

There have been no material acquisitions made by Hulamín during the preceding three years nor is there any proposed acquisition by Hulamín or any of its subsidiaries, of any securities or in the business undertakings of any other companies or any immovable property or the option to acquire such property.

### 8.2 Disposals

There has been no material property disposed of during the preceding three years, by Hulamín or any of its subsidiaries, other than the proposed disposal of its operations to Hulamín Opco as detailed in paragraph 3.3.1.

### 8.3 Principal immovable property and leasehold properties

Details of the principal immovable properties owned by Hulamín and its subsidiaries and those leased by Hulamín and its subsidiaries are set out in Annexure 5 to this pre-listing statement.

### 8.4 Valuations

No recent valuations have been done with respect to movable and immovable property and valuation reports will therefore not be available for inspection;

## 9. VENDORS

Other than the assets already acquired or proposed to be acquired in terms of the scope of the R950 million expansion project mentioned in paragraph 2.2, there have been no material assets acquired by Hulamín or its subsidiaries during the preceding three years or proposed to be acquired by Hulamín or its subsidiaries.

There are no material royalties payable or items of a similar nature in respect of the Company or its subsidiaries.

## 10. GENERAL

### 10.1 Corporate Governance

Hulamin is committed to the principles of openness, integrity and accountability in its dealings with all stakeholders and supports the code of corporate practices and conduct as recommended by the King II Report on Corporate Governance. Extracts of the corporate governance policies adopted by Hulamin are set out in Annexure 6 to this pre-listing statement.

### 10.2 Litigation statement

Other than the contingent liabilities detailed in paragraph 4 of this pre-listing statement, there are no legal or arbitration proceedings (including proceedings which are pending or threatened of which the Hulamin directors are aware), which may have or have had during the 12 months preceding the date of this pre-listing statement, a material effect on the group's financial position.

### 10.3 Material contracts

There are no contracts or proposed contracts, either written or oral, relating to the remuneration of the executive directors or management, secretarial and technical fees or restraint payments payable by Hulamin or any of its subsidiaries.

Conditions of employment are governed by engagement letters as mentioned in paragraph 5.3.

Other than the contracts entered into for the acquisition of the assets mentioned in paragraph 9, the BEE agreement mentioned in paragraph 3.4 and the funding agreement mentioned in paragraph 4.6.2.1 there are no material contracts entered into by Hulamin, either verbally or in writing that are or may be material and which have been entered into within the last two years, otherwise than in the ordinary course of business.

No contracts entered into at any time contain an obligation or settlement that is material to Hulamin or its subsidiaries as at the last practicable date.

### 10.4 Material changes

Other than the BEE transactions detailed in paragraph 3 and the new funding facilities detailed in paragraph 4.6.2.1, there have been no material changes in the financial or trading position of Hulamin and its subsidiaries that has occurred since the end of the financial year and the date of this pre-listing statement.

## 11. EXPENSES RELATING TO THE LISTING

No preliminary expenses were incurred.

The estimated cost of the listing, excluding VAT, is set out below:

<b>Description</b>	<b>R'000</b>
Merchant bank and sponsor	10 250
Attorneys	4 750
Reporting accountants and auditors	750
Fair and Reasonable opinion	800
Tax advisors	1 150
Printing and publication costs	150
JSE listing and documentation fees	200
	<b>18 050</b>

## 12. EXPERTS' CONSENTS

Each of the merchant bank and sponsor, attorneys and the transfer secretaries have consented in writing to act in the capacities stated and to their names being included in this prelisting statement and have not withdrawn their consent prior to the publication of this pre-listing statement.

The reporting accountants and auditors have given, and have not withdrawn, their consents to the issue of this prelisting statement with their reports included herein in the form and context in which they appear.

### **13. DIRECTORS' RESPONSIBILITY STATEMENT**

With respect to the information in this pre-listing statement, the directors whose names are reflected on page 9 of this pre-listing statement:

- have considered all statements of fact and opinion in this pre-listing statement;
- collectively and individually, accept full responsibility for the accuracy of the information provided;
- certify that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this pre-listing statement false or misleading;
- confirm that they have made all reasonable enquiries in this regard; and
- confirm that the pre-listing statement contains all information required by the Listings Requirements.

### **14. EXCHANGE CONTROL**

The following guidelines are not a comprehensive statement of the Exchange Control Regulations and merely reflect Hulamín's understanding of the regulations at the date of this document. Shareholders who have any doubt as to the action they should take, should consult their professional advisors.

In the case of shareholders whose registered addresses are outside the common monetary area, the following will apply in respect of the unbundling:

#### **14.1 Emigrants from the common monetary area**

New certificates issued to any emigrant shareholders in terms of the unbundling will be restrictively endorsed and deposited with the authorised dealer controlling such emigrant's blocked assets. In terms of the Exchange Control Regulations of South Africa, such Hulamín ordinary shares are not freely transferable from the common monetary area. The CSDP or broker will ensure that all requirements of Exchange Control are adhered to in respect of their clients falling into this category of investor, whether shares are held in dematerialised or certificated form.

#### **14.2 All other non-residents of the common monetary area**

Non-resident shareholders whose documents of title are endorsed "non-resident" will receive Hulamín ordinary shares similarly endorsed. The CSDP or broker will ensure that all requirements of Exchange Control are adhered to in respect of their clients falling into this category of investor, whether shares are held in dematerialised or certificated form.

#### **14.3 Shareholders in other jurisdictions**

The distribution of the Hulamín ordinary shares to members who are residents in, or citizens or nationals of jurisdictions outside South Africa or custodians, nominees or trustees for residents in, or citizens or nationals of other countries may be prohibited or affected by the laws of the relevant jurisdictions. Such persons should acquaint themselves with and observe any applicable legal requirements.

### **15. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours at the registered office of Hulamín and at Bowman Gilfillan Inc. 165 West Street, Sandton, from Friday 18 May 2007 until Monday 11 June 2007;

- a signed copy of this pre-listing statement (available in English only);
- a copy of the Tongaat-Hulett circular;
- the Memorandum and Articles of Association of Hulamín;
- the Hulamín share incentive schemes;
- material contracts in respect of the BEE transaction as set out in paragraph 3 and funding as set out in paragraph 4.6.2.1;
- the written consents of the merchant bank and sponsor, reporting accountants and auditors, attorneys and transfer secretaries to the publication of their name and reports in this pre-listing statement in the form and context in which they appear;



- the audited annual financial statements for each of the three years ended 31 December 2004, 31 December 2005, 31 December 2006 of Hulamin and the Hulamin Joint Venture.
- the signed independent reporting accountants' reports on the unaudited *pro forma* and historical financial information of Hulamin; and
- the signed unbundling agreement.

The register of beneficial holders of THG shares as maintained in terms of section 140 of the Companies Act will be available for inspection during normal business hours at the registered office of THG, Amanzimnyama Hill, Tongaat, KwaZulu-Natal and at Bowman Gilfillan Inc. 165 West Street, Sandton from Friday 18 May 2007 until Monday 11 June 2007.

By order of the Board

**A Fourie**

**C D Hughes**

Pietermaritzburg  
18 May 2007

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## REPORT OF HISTORICAL FINANCIAL INFORMATION

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### 1. INTRODUCTION

Hulamin was initially incorporated as Aluminium Company of South Africa (Proprietary) Limited in May 1940. It converted to a public company and changed its name to Alcan Aluminium of South Africa Limited in 1960, to Hulets Aluminium Limited in 1974 and to Hulett Aluminium Limited in 1982. It was again converted to a private company on 12 June 1991. A special resolution was registered on 27 March 2007 by the Registrar of Companies to convert the company into a public company and to change its name to Hulamin Limited with effect from 1 April 2007.

The financial information of Hulamin for the three years ended 31 December 2004, 31 December 2005 and 31 December 2006 is set out below.

The report on historical financial information is the responsibility of the directors of Hulamin.

Other than the restructuring and the proforma effects of which are set out in Annexure 3, no material fact or circumstance has occurred between the latest financial year of Hulamin and the date of the prelisting statement.

### 2. BASIS OF PREPARATION

The financial statements are prepared in accordance with the accounting policies of the Company.

The financial statements represent the combined financial statements of Hulett Aluminium (Proprietary) Limited (“the Company”) and The Hulamin Joint Venture (“the Joint Venture”), which previously operated as two separate entities. Previously the company leased all its fixed assets to the joint venture and also managed the day to day affairs of the joint venture. The manufacturing operations were carried out by the joint venture. At 31 December 2006, the company acquired the assets and liabilities of the joint venture through a transaction under common control, which is outside the scope of IFRS 3, Business Combinations.

As there is no further guidance in IFRS management have elected to apply the principles in FAS 141, an accounting standard issued by the United States Financial Accounting Standards Board and consequently the results of operations for the period are presented as though the transaction had occurred at 1 January 2004. The effects of inter-company transactions have been eliminated in determining the results of operations for the period. Similarly, the consolidated balance sheets with related notes have been presented as though the assets and liabilities of the combining entities had been transferred at 1 January 2004.

### 3. COMMENTARY

#### 2006

Hulamin grew its operating profit by 32% to R422 million. Sales revenue exceeded R5 billion for the first time. Sales volume growth continued and record annual rolled products sales of 183 000 tons were achieved. Local market sales of both extrusions and rolled products grew firmly, with increases of 15% and 11%, respectively. Strong sales into distributor, automotive and transport sectors were achieved. The higher LME price of aluminium continued throughout 2006, resulting in reductions in rolling margins while benefits amounting to R183 million accrued from the metal price lag effect on cost of sales. Manufacturing costs increased due to sharp rises in metal and energy costs, and from spot purchases of LP Gas during the SAPREF supply disruptions, which also had a significant negative impact on volumes in 2006. The plate plant expansion was completed during the year within budget and ahead of schedule. In October 2006 a R950 million rolled products expansion project was approved, to grow annual capacity to 250 000 tons and increase output of high margin products, including thin gauge foil and heat-treated plate.

## **2005**

Hulamin more than doubled its operating profit to R319 million. The rolled products operation succeeded in growing volumes, improving product mix and reducing unit costs. Sales volumes of rolled products increased by 20% to 173 000 tons, despite disruptions in the supply of rolling ingot in the second half of the year. The LME price of aluminium increased sharply towards the end of the year giving rise to a R26 million benefit from the metal price lag effect on cost of sales.

Sales mix improvements included increased local market sales and growth in exports of treadbright and can-end stock of 27% and 33%, respectively. Rolled product conversion costs per ton were reduced by 8%. The depreciation expense increased by R64 million following the implementation of full depreciation of the R2.4 billion rolled products expansion project. The plate plant expansion, to increase high margin heat-treated plate capacity by 50%, progressed on time and within budget. The growth in extrusion sales arose from the increased local consumption and customers' exports.

## **2004**

Hulamin succeeded in significantly improving operating profit, from R5m to R148m. Consolidation in the global aluminium industry increased the demand for the higher value-added products produced by Hulamin, while local market growth of 11% was supported by initiatives to encourage downstream investment by Hulamin's customers. Total rolled products sales volumes increased by more than 10%, to 144 000 tons. Further growth in output and thus sales was hampered by a fire on the Camps Drift hot line, and a four-week strike. Earnings were also adversely affected by the strengthening of the Rand against the USA dollar from an average of R7.56 in 2003 to R6.44 in 2004. The sales mix continued to improve, with exports of can-end stock trebling in two years and sales of brazing sheet more than trebled during the year. The increase in sales volumes with little increase in costs resulted in unit costs continuing to decrease. During the year the International Trade commission rejected the anti-dumping petition brought by Alcoa against Hulamin's exports of heat-treated plate to the United States. The extrusion operation grew both sales volumes and operating profit.

**Index**

Page

Accounting Policies	35
Income Statements	44
Balance Sheets	45
Statements of Changes in Equity	46
Cash Flow Statements	47
Notes to the Financial Statements	48

## **ACCOUNTING POLICIES**

### **Basis of Preparation**

#### **1. ACCOUNTING FRAMEWORK**

The combined, consolidated and separate financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) using the historical cost convention, as modified by the remeasurement of certain financial assets and financial liabilities to fair value.

The basis of preparation is consistent with the prior year, unless otherwise stated.

#### **2. UNDERLYING CONCEPTS**

The financial statements are prepared on the going concern basis, which assumes that the entity will continue in operation for the foreseeable future.

The financial statements are prepared using accrual accounting whereby the effects of transactions and other events are recognised when they occur rather than when the cash is received.

Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard.

Financial assets and financial liabilities are offset and the net amount reported only when a currently legally enforceable right to set off the amounts exists and the intention is either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Accounting policies are the specific principles, bases, conventions, rules and practices applied in preparing and presenting financial statements. Changes in accounting policies resulting from the initial application of a Standard or an Interpretation are accounted for in accordance with the transitional provisions in the accounting standard. If no such guidance is given, they are applied retrospectively.

Changes in accounting estimates are adjustments to assets or liabilities or the amounts of periodic consumption of assets that result from new information or new developments. Such changes are recognised in the income statement in the period they occur.

Prior period errors are omissions from or misstatements in the financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that was available when the financial statements for those periods were authorised for issue and could reasonably be expected to have been obtained. Such prior period errors are retrospectively restated unless it is impracticable to do so, in which case they are applied prospectively. Retrospective restatement is correcting the recognition, measurement and disclosure of amounts as if a prior period error had never occurred.

Accounting policies are not applied when the effect of applying them is immaterial, i.e. if individually or collectively they would not influence the economic decisions of the users of the financial statements.

#### **3. RECOGNITION OF ASSETS AND LIABILITIES**

Assets and liabilities are recognised when it is probable that future economic benefits associated with them will flow to and from the group, respectively, and when their costs or fair values can be measured reliably.

Financial instruments are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial assets are recognised based on trade dates.

#### **4. DERECOGNITION OF ASSETS AND LIABILITIES**

Financial assets or parts thereof are derecognised, when the contractual rights to receive the cash flows have expired or been transferred and substantially all the risks and rewards of ownership or control have passed.

All other assets are derecognised on disposal or when the substantial risks and rewards associated with ownership have passed to another party, or when no future economic benefits are expected from its use.

Financial liabilities are derecognised when the relevant obligation has either been discharged or cancelled or has expired.

## **5. FOREIGN CURRENCIES**

The functional currency of each entity within the group is determined based on the currency of the primary economic environment in which that entity operates. Transactions in currencies other than the entity's functional currency are recognised at the exchange rates ruling on the dates of the transactions, i.e. dates on which the transactions first qualify for recognition. Foreign exchange gains and losses resulting from the settlement of these transactions and from translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement except when deferred in equity as qualifying cash flow hedges. The Company's and subsidiaries functional currency is the ZAR. The Group's presentation currency is the ZAR.

Gains and losses arising from changes in the fair value of foreign exchange contracts (except cash flow hedges when deferred in equity) are presented in the income statement within other operating income in the period in which they arise. Gains and losses arising on translation are recognised in the income statement.

## **6. POST-BALANCE SHEET EVENTS**

Recognised amounts in the financial statements are adjusted to reflect events arising after the balance sheet date that provide evidence of conditions that existed at the balance sheet date. Events after the balance sheet that are indicative of conditions that arose after the balance sheet date are dealt with by way of a note.

## **7. COMPARATIVE FIGURES**

Comparative figures are restated in the event of a change in accounting policy or prior period error. In 2006, the comparatives have been restated for the accounting policy choice in respect of common control transactions (refer to accounting policy note 28) and the accounting policy choice in respect of IFRIC 4 and IFRIC 11 (refer to accounting policy note 34). The opening balance sheet at 1 January 2004 has been restated for the adoption of International Financial Reporting Standards (refer to note 39).

## **INTERESTS IN GROUP ENTITIES**

### **8. SUBSIDIARIES**

The consolidated financial statements incorporate the assets, liabilities, income, expenses and cash flows of the subsidiaries. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Group exercises control, or up until the point it ceases to exercise control. Inter-company transactions, balances and unrealised gains and losses on transactions between group entities are eliminated on consolidation. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group.

The separate financial statements recognise the interests in subsidiaries at cost.

### **9. ASSOCIATES**

The Group accounts for associates using the equity method from the date on which it becomes an associate. The Group discontinues the use of the equity method from the date that it ceases to have significant influence over an associate. The associate is accounted for at cost in the separate accounts. Investment in associates is recorded net of any impairment loss.

## **FINANCIAL STATEMENT ITEMS**

### **10. PROPERTY, PLANT AND EQUIPMENT**

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes the estimated cost of dismantling and removing the assets.

Depreciation is calculated so as to write off the depreciable amount of the assets, other than land, over their estimated useful lives, using a method that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity. Depreciation is charged from the dates the assets are available for use.

Where significant parts of an item have different useful lives or patterns in which future economic benefits are expected to be consumed to the item itself, these parts are depreciated over their estimated useful lives.

The methods of depreciation, useful lives and residual values are reviewed annually.

The following methods and rates were used during the year:

Buildings	Straight line	30 to 50 years
Plant and Machinery	Straight line	4 to 40 years
Vehicles	Straight line	4 years
Equipment	Straight line	5 to 10 years
Furniture	Straight line	5 to 10 years

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other income/(expenses) in the income statement.

## **11. INTANGIBLE ASSETS**

The Group's only intangible asset is computer software. Software license and development costs are capitalised and amortised over their useful lives (currently five to fifteen years) on the straight-line basis and adjusted for impairment.

## **12. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

## **13. INVENTORIES**

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and costs necessary to make the sale.

The specific identification basis is used to arrive at the cost of items that are not inter-changeable. The first-in, first-out method and weighted average method is used to arrive at the cost of items that are inter-changeable.

## **14. FINANCIAL ASSETS**

Financial assets are initially measured at fair value plus transaction costs. However, transaction costs in respect of financial assets classified as at fair value through profit or loss are expensed.

Financial assets classified as fair value through profit or loss are measured at fair value with gains or losses being recognised in profit or loss. Fair value, for this purpose, is market value if listed or a value arrived at by using appropriate valuation models if unlisted.

Financial assets classified as held-to-maturity financial assets are measured at amortised cost less any impairment losses recognised to reflect irrecoverable amounts.

Loans and receivables, which include trade receivables, are measured at amortised cost less impairment losses, which are recognised in the income statement.

Available-for-sale financial assets are measured at fair value with gains or losses being recognised directly in equity. Fair value, for this purpose, is market value if listed or a value arrived at by using appropriate valuation models if unlisted. Cumulative gains and losses, including that deferred in equity, are recognised in the income statement on impairment. Any reversal of impairment losses on equity instruments is recognised directly in equity.

Financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In particular, the trade receivables provision is established where there is objective evidence that the Group will not collect all amounts due according to the original terms of receivables.

The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date. The fair value of commodity futures is determined by reference to quoted prices at the balance sheet date.

## **15. FINANCIAL LIABILITIES**

Financial liabilities are initially measured at fair value net of transaction costs. However, transaction costs in respect of financial liabilities classified as at fair value through profit or loss are expensed.

Gains and losses arising from changes in the fair value of financial liabilities at fair value through profit or loss are presented in the income statement within other operating income.

Financial liabilities (excluding liabilities designated in a hedging relationship) that are not designated on initial recognition as financial liabilities at fair value through the income statement are measured at amortised cost.

Derivative liabilities are measured at fair value.

## **16. DEFERRED TAX**

Deferred tax is provided in full using the liability method, on temporary differences arising between tax bases of the assets and liabilities and their carrying amounts in the financial statements. A deferred tax asset is only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised, unless specifically exempt. It is measured at the tax rates that have been enacted or substantially enacted at the balance sheet date and is not discounted.

Deferred tax arising on investments in subsidiaries, associates and joint ventures is recognised except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

## **17. EMPLOYMENT BENEFIT OBLIGATIONS**

### **Post-employment benefit obligations**

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits to employees. Defined contribution benefit plans are where there are no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Defined benefit plans are post-employment benefit plans other than defined contribution plans.

There is one funded defined benefit scheme namely The Tongaat-Hulett Pension Fund that covers all eligible employees of The Tongaat-Hulett Group of companies. The fair value of plan assets exceeds plan liabilities. Whilst the valuation of the Pension Fund and the Surplus Apportionment Plan have been completed and submitted to the Financial Services Board, they have not yet been approved. Accordingly, due to the uncertainty regarding apportionment, no surplus has been recognised on the Group's balance sheet. In addition, as there is no stated policy for the charging of the net defined benefit costs, the company recognised the contributions paid as the net defined benefit cost.

Contributions to defined contribution plans are recognised in the income statement as they accrue.

### **Post-retirement medical aid benefits and retirement gratuities**

Provisions for post-retirement medical aid benefits and gratuities payable on retirement are calculated on an actuarial basis, being present value of future liability, for services rendered to date. Actuarial gains and losses are recognised over the lesser of ten years or the employees' average remaining working lives.

### **Employee benefit costs**

Employee benefit costs include all forms of consideration given in exchange for services rendered by employees.

The cost of providing employee benefits is recognised in the income statement in the period they are earned by employees. The charge for employee share incentive schemes is accounted for on the basis that the instruments are equity-settled.

The cost of short-term employee benefits including the expected cost of short-term accumulating compensated absences is recognised in the income statement in the period in which the service is rendered and is not discounted.

The expected cost of profit-sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.



## **18. SHAREHOLDERS FOR EQUITY DIVIDENDS**

Dividends to equity holders are only recognised as a liability when declared and are included in the statement of changes in equity. Secondary Tax on Companies in respect of such dividends is recognised as a liability when the dividends are recognised as a liability and are included in the tax charge in the income statement.

## **19. PROVISIONS**

Provisions are recognised when the Group has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made for the amount of the obligation.

Provisions are measured at the expenditure required to settle the present obligation. Where the effect of discounting is material, provisions are measured at their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks for which future cash flow estimates have not been adjusted.

## **20. EQUITY**

Transactions relating to the acquisition and sale of shares in the Company, together with their associated incremental direct costs, are accounted for in equity. Other transactions are accounted for directly in equity only if permitted by the standards.

## **21. REVENUE**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred, when delivery has been made and title has passed, when the amount of the revenue and the related costs can be reliably measured and when it is probable that the debtor will pay for the goods.

Interest income is accrued on a time basis using the effective interest rate method.

## **22. COST OF SALES**

When inventories are sold, the carrying amount is recognised as part of cost of sales. Any write-down of inventories to net realisable value and all losses of inventories or reversals of previous write-downs or losses are recognised in other costs in the period the write-down, loss or reversal occurs.

## **23. BORROWING COSTS**

Borrowing costs include interest and other costs incurred in connection with the borrowing of funds.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

## **24. TAXATION**

The charge for current tax is based on the results for the year as adjusted for income that is exempt and expenses that are not deductible using tax rates that are applicable to the taxable income.

## **TRANSACTIONS AND EVENTS**

### **25. HEDGE ACCOUNTING**

Hedge accounting is adopted when all the IFRS requirements are fulfilled, which includes documenting at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. In addition, the Group documents the assessment, both at hedge inception and on an ongoing basis, of the hedge effectiveness.

A fair value hedge is a hedge of the exposure to changes in the fair value of a recognised asset, liability or firm commitment.

A cash flow hedge is the hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with an asset or a liability that could affect profit or loss or a highly probable forecast transaction that could affect profit or loss.

The gain or loss on the hedged item attributable to the hedged risk in a fair value hedge is included in the carrying amount of the hedged item and recognised in the income statement. The gain or loss on the hedged instrument is also recognised in the income statement.

The portion of the gain or loss on the hedging instrument in a cash flow hedge that is determined to be effective is recognised directly in equity, whilst the ineffective portion is recognised in the income statement.

If an effective hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated gains or losses recognised in equity are recognised in the income statement in the same period in which the asset or liability affects the income statement.

If a hedge results in the recognition of a non-financial asset or non-financial liability, any associated gains or losses recognised in equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset.

Hedge accounting is discontinued on a prospective basis when the hedge no longer meets the hedge accounting criteria (including when it becomes ineffective), when the hedge instrument is sold, terminated or exercised when, for cash flow hedges, the forecast transaction is no longer expected to occur or when the hedge designation is revoked.

The hedging reserve accumulates all movement in the fair value of financial instruments designated as hedges of transactions that have yet to be recognised on the balance sheet. When the underlying transaction is recognised, the related accumulated hedging reserve is released to the income statement.

## **26. IMPAIRMENT OF ASSETS**

At each reporting date the carrying amount of the tangible and intangible assets are assessed to determine whether there is any indication that those assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. Value in use is estimated based on discounted future cash flows expected to be derived from an asset or cash generating unit.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, its carrying amount is reduced to the higher of its recoverable amount and zero. Impairment losses are recognised in the income statement. Subsequent to the recognition of an impairment loss, the depreciation or amortisation charge for the asset is adjusted to allocate its remaining carrying value, less any residual value, over its remaining useful life.

If an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount but limited to the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in the income statement.

## **27. LEASING**

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. An operating lease is a lease other than a finance lease.

Leases are classified as finance leases or operating leases at the inception of the lease.

Finance leases are recognised as assets and liabilities at the lower of the fair value of the asset and the present value of the minimum lease payments at the date of acquisition, being payments over the lease term, excluding contingent rent, costs for services and taxes to be paid by and reimbursed to the lessor including any amounts guaranteed by the Company or by a party related to the Company.

Finance costs represent the difference between the total leasing commitments and the fair value of the assets acquired. Finance costs are charged to the income statement over the term of the lease at interest rates applicable to the lease on the remaining balance of the obligations.

Rentals payable under operating leases are recognised in the income statement on a straight-line basis over the term of the relevant lease or another basis if more representative of the time pattern of the user's benefit.

## **28. BUSINESS COMBINATIONS**

### **Business Combinations – IFRS 3**

The cost of an acquisition, which is within the scope of IFRS 3, Business Combinations, is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Any excess of the cost over the Group's share in the fair value of the assets, liabilities and contingent liabilities acquired is recognised as goodwill and any excess of the fair value of the assets, liabilities and contingent liabilities over the cost is recognised in the income statement.

### **Business Combinations – common control transactions**

Common control transactions are accounted for using the predecessor values method, in accordance with the principles of FAS 141, an accounting standard issued by the United States Financial Accounting Standards Board. Application of the predecessor value method results in recording the transaction and the results of operations as if it had taken place at the beginning of the earliest period presented.

The assets and liabilities of the acquired entity are recorded at book values. The predecessor values are adjusted to ensure uniform accounting policies.

The difference between the consideration given and the aggregate book value of the assets and liabilities (as of the date of the transaction) of the acquired entity is recorded as an adjustment to equity. This difference is recorded in retained earnings.

The financial statements represent the combined financial statements of Hulett Aluminium (Proprietary) Limited ("the Company") and The Hulamin Joint Venture ("the Joint Venture"), which previously operated as two separate entities. Previously the Company leased all its fixed assets to the joint venture and also managed the day-to-day affairs of the joint venture. The manufacturing operations were carried out by the joint venture.

At 31 December 2006, the Company acquired the assets and liabilities of the joint venture through a transaction under common control, and consequently the results of operations for the period are presented as though the transaction had occurred at 1 January 2004. The effects of inter-company transactions have been eliminated in determining the results of operations for the period. Similarly, the consolidated balance sheets with related notes have been presented as though the assets and liabilities of the combining entities had been transferred at 1 January 2004.

## **29. SEGMENT REPORTING**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments

## **30. SHARE-BASED PAYMENTS**

Shares and options issued or granted to employees for services rendered or to be rendered are recognised in profit or loss when the services have been rendered or, if vesting requirements are applicable, over the vesting period, and are measured at the fair value of the equity instruments at grant date.

The shares issued are those in The Tongaat-Hulett Group Limited and the amounts expensed are accordingly paid to The Tongaat-Hulett Group Limited.

## **31. CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

Contingent assets are not recognised as assets. Contingent liabilities are not recognised as liabilities. Contingent liabilities are disclosed unless remote.

## **32. JUDGEMENTS MADE BY MANAGEMENT**

There were no material judgements made by management, in the application of accounting policies that could have a significant effect on the amounts recognised in the financial statements other than those dealt with above.

### **33. SOURCES OF ESTIMATION UNCERTAINTY**

The key assumptions made concerning the future and other key sources of estimation uncertainty at the balance sheet date that could have a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year are:

#### **Asset useful lives and residual values**

Property, plant and equipment is depreciated over their useful lives taking into account residual values. The estimated lives and residual values are assessed annually taking into account technological innovation, product life cycles, maintenance programmes and projected disposal values.

#### **Post-employment benefit obligations**

Actuarial valuations of post-retirement benefit obligations are based on assumptions which include employee turnover, mortality rates, the discount rate, expected long-term rate of return on retirement plan assets, healthcare costs, inflation rates and salary increments.

### **34. AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2006 AND EARLY ADOPTION OF PUBLISHED STANDARDS EFFECTIVE AFTER 2006**

IAS 19, Employee Benefits (Amended), is applicable in 2006 and requires additional disclosure with which the group has complied. In addition it provides an option, that allows for the accounting of actuarial gains and losses, either by recognising them through the income statement over the expected remaining lives of participants or directly through equity in the "Statement of Recognised Income and Expense". The accounting standard covers pension fund accounting, the provisions for post-retirement medical costs and other post-employment benefits. The alternate accounting treatment for the recognition of actuarial gains and losses will be assessed once the Pension Fund surplus apportionment has been finalised. The impact of the adoption of IAS 19 (Amended) as it relates to the provision for post-retirement medical costs is not material.

IFRIC Interpretation 4 – determining whether an arrangement contains a lease is also applicable in 2006. The Company has identified an arrangement it has with the municipality whereby a sub-station was built to supply the Company with electricity. Previously any charges under this arrangement were taken to the income statement. This arrangement has now been classified as an operating lease under this statement. The Group has chosen the exemption in IFRIC 4 to apply it to arrangements existing at the start of the earliest period on the basis and facts and circumstances existing at the start of the period.

The Group has early adopted IFRIC interpretation 11 – IFRS 2 – Group and Treasury Share Transactions, which requires the share-based payments reserve to be recognised in the financial statements of the subsidiary participating in a Group share-based payment scheme.

### **35. STANDARDS, AMENDMENTS AND INTERPRETATIONS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN EARLY ADOPTED BY THE GROUP**

The following new standards and interpretations were also in issue but not effective for 2006. The Group is in the process of evaluating the effects of these new standards and interpretations. They are not expected to have a significant impact on the Group's results and disclosures, other than in respect of AC 503 (an interpretation of IFRIC 8) and IFRS 7. AC 503 relates to the proposed Broad-Based Black Economic Empowerment transaction and requires the difference between the fair value of the cash and other assets received and the fair value of the equity instruments granted to be expensed, the impact of which can only be determined once the agreement with the stakeholders has been finalised. IFRS 7 requires specified minimum disclosures about credit risk, liquidity risk and market risk including sensitivity analysis to market risk.

IFRIC 7 – Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies. Effective for financial year commencing on or after 1 March 2006.

IFRIC 8 – Scope of IFRS 2. Effective for financial year commencing on or after 1 May 2006.

IFRIC 9 – Re-assessment of Embedded Derivatives. Effective for financial year commencing on or after 1 June 2006.

IFRIC 10 – Interim Financial Reporting and Impairment. Effective for financial year commencing on or after 1 November 2006.

IFRIC 12 – Service Concession Arrangements. Effective for financial year commencing on or after 1 January 2008.

AC 503 – Accounting for Black Empowerment (“BEE”) transactions. Effective for financial year commencing on or after 1 May 2006.

IFRS 7 – Financial Instruments: Disclosure and a complementary Amendment to IAS 1 Presentation of Financial Statements – Capital Disclosures and consequential amendments to IFRS 4 Implementation guidance. Effective for financial year commencing on or after 1 January 2007.

IFRS 8 – Operating Segments. Effective for financial year commencing on or after 1 January 2009.

### **36. NET ASSET VALUE PER SHARE**

Net asset value per share has been presented in accordance with Section 8 of the Listings Requirements.

Net asset value per share is calculated using the number of ordinary shares in issue at the balance sheet date.

**INCOME STATEMENTS**  
**for the year ended 31 December**

		<b>2006</b>	<b>2005</b>	<b>2004</b>
	<b>Notes</b>	<b>R'000</b>	<b>as restated</b>	<b>as restated</b>
			<b>R'000</b>	<b>R'000</b>
<b>Revenue</b>		5 476 140	4 162 695	3 342 865
Cost of sales	18	(4 694 789)	(3 539 209)	(2 907 329)
<b>Gross profit</b>		781 351	623 486	435 536
Other operating income	17	341	22 688	1 247
Selling and marketing expenses	18	(260 891)	(234 794)	(209 860)
Administrative expenses	18	(98 374)	(92 637)	(79 167)
<b>Operating profit</b>		422 427	318 743	147 756
Share of associate company's loss		(310)	-	-
Finance costs	19	(222 119)	(140 047)	(156 711)
<b>Profit/(Loss) before income tax</b>		199 998	178 696	(8 955)
Income tax	20	11 379	46 812	7 518
<b>Net profit/(Loss) for year</b>		211 377	225 508	(1 437)
<b>Attributable to:</b>				
Equity holders of the Company		204 072	217 208	(12 093)
Minority interest		7 305	8 300	10 656
		211 377	225 508	(1 437)
<b>Earnings per share attributable to the equity holders of the Company</b>	21			
Basic		R2,04	R2,17	(R0,12)
Diluted		R2,04	R2,17	(R0,12)

**BALANCE SHEETS**

as at 31 December

	Notes	2006 R'000	2005 as restated R'000	2004 as restated R'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	2	3 939 255	3 878 551	3 918 270
Intangible assets	3	23 212	20 829	16 206
Deferred income tax asset	4	–	–	10 691
Trade and other receivables	7	–	–	3 595
Investments in associates	5	1 765	1	2 556
		3 964 232	3 899 381	3 951 318
<b>Current assets</b>				
Inventories	6	988 978	706 689	698 871
Trade and other receivables	7	1 050 353	724 286	616 764
Cash and cash equivalents	8	63 526	40 859	33 620
Derivative financial assets	9	67 980	23 724	50 835
Income tax prepaid		–	3	385
		2 170 837	1 495 561	1 400 475
<b>Total assets</b>		<b>6 135 069</b>	<b>5 394 942</b>	<b>5 351 793</b>
<b>EQUITY</b>				
Share capital	10	11 100	10 000	10 000
Share premium		581 787	2 887	2 887
Hedging reserve		7 749	14 020	5 229
Partners' capital accounts		–	103 595	(125 338)
Distributable reserves		2 311 682	2 388 375	2 400 100
Realised capital surpluses		293	293	293
Retained earnings		2 311 389	2 388 082	2 399 807
<b>Equity holders' interest</b>		<b>2 912 318</b>	<b>2 518 877</b>	<b>2 292 878</b>
Minority interest		38 433	31 128	22 828
<b>Total equity</b>		<b>2 950 751</b>	<b>2 550 005</b>	<b>2 315 706</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings	11	2 829	730 219	768 989
Deferred income tax liabilities	12	899 815	929 976	987 198
Retirement benefit obligations	13	98 632	91 451	84 717
		1 001 276	1 751 646	1 840 904
<b>Current liabilities</b>				
Trade and other payables	14	932 278	568 412	510 479
Borrowings	15	814 525	503 387	596 641
Hulamin Joint Venture	16	396 320	–	–
Derivative financial liabilities	9	34 549	21 492	88 063
Income tax liability		5 370	–	–
		2 183 042	1 093 291	1 195 183
<b>Total liabilities</b>		<b>3 184 318</b>	<b>2 844 937</b>	<b>3 036 087</b>
<b>Total equity and liabilities</b>		<b>6 135 069</b>	<b>5 394 942</b>	<b>5 351 793</b>

**STATEMENTS OF CHANGES IN EQUITY**  
for the year ended 31 December

	Note	Share capital R'000	Share premium R'000	Hedging reserve R'000	Share-based payment reserve R'000	Partners' capital account R'000	Realised capital surpluses R'000	Retained earnings R'000	Share-holders' interest R'000	Minority interest R'000	Total equity R'000
Balance at 1 January 2004		10 000	2 887	(24 457)	-	(74 303)	293	2 361 672	2 276 092	12 185	2 288 277
Value of employee services		-	-	-	820	-	-	-	820	-	820
Share-based payment settled		-	-	-	(820)	-	-	-	(820)	-	(820)
Recognition of share-based payment	37	-	-	-	-	-	-	(807)	(807)	(13)	(820)
Restated balance at 1 January 2004		10 000	2 887	(24 457)	-	(74 303)	293	2 360 865	2 275 285	12 172	2 287 457
Value of employee services		-	-	-	2 293	-	-	-	2 293	-	2 293
Share-based payment settled		-	-	-	(2 293)	-	-	-	(2 293)	-	(2 293)
Cash flow hedges transferred to income statement		-	-	24 457	-	-	-	-	24 457	-	24 457
Cash flow hedges, net of tax		-	-	5 229	-	-	-	-	5 229	-	5 229
Net profit/(loss) for year		-	-	-	-	(51 035)	-	38 942	(12 093)	10 656	(1 437)
Profit for year – Company		-	-	-	-	-	-	41 192	41 192	10 699	51 891
Recognition of share-based payment	37	-	-	-	-	-	-	(2 250)	(2 250)	(43)	(2 293)
Loss before tax of joint venture		-	-	-	-	(51 035)	-	-	(51 035)	-	(51 035)
Restated balance at 1 January 2005		10 000	2 887	5 229	-	(125 338)	293	2 399 807	2 292 878	22 828	2 315 706
Value of employee services		-	-	-	4 279	-	-	-	4 279	-	4 279
Share-based payment settled		-	-	-	(4 279)	-	-	-	(4 279)	-	(4 279)
Cash flow hedges transferred to income statement		-	-	(5 229)	-	-	-	-	(5 229)	-	(5 229)
Cash flow hedges, net of tax		-	-	14 020	-	-	-	-	14 020	-	14 020
Net profit/(loss) for year		-	-	-	-	228 933	-	(11 725)	217 208	8 300	225 508
Loss for year – Company		-	-	-	-	-	-	(11 725)	(11 725)	8 300	(3 425)
Profit before tax of joint venture		-	-	-	-	228 933	-	-	228 933	-	228 933
Balance at 1 January 2006 as restated		10 000	2 887	14 020	-	103 595	293	2 388 082	2 518 877	31 128	2 550 005
Value of employee services		-	-	-	4 830	-	-	-	4 830	-	4 830
Share-based payment settled		-	-	-	(4 830)	-	-	-	(4 830)	-	(4 830)
Cash flow hedges transferred to income statement		-	-	(14 020)	-	-	-	-	(14 020)	-	(14 020)
Cash flow hedges, net of tax		-	-	7 749	-	-	-	-	7 749	-	7 749
ABSA subscription for shares		1 100	578 900	-	-	-	-	-	580 000	-	580 000
Net profit/(loss) for year		-	-	-	-	251 480	-	(47 408)	204 072	7 305	211 377
Loss for year – Company		-	-	-	-	-	-	(47 408)	(47 408)	7 305	(40 103)
Profit before tax of joint venture		-	-	-	-	251 480	-	-	251 480	-	251 480
Partners' capital accounts eliminated on common control transaction		-	-	-	-	(355 075)	-	-	(355 075)	-	(355 075)
Consideration in excess of predecessor values of business net of tax		-	-	-	-	-	-	(29 285)	(29 285)	-	(29 285)
Consideration paid		-	-	-	-	-	-	(396 320)	(396 320)	-	(396 320)
Less predecessor values of business involved in common control transaction		-	-	-	-	-	-	355 075	355 075	-	355 075
Deferred tax on common control transaction		-	-	-	-	-	-	11 960	11 960	-	11 960
<b>Balance at 31 December 2006</b>		<b>11 100</b>	<b>581 787</b>	<b>7 749</b>	<b>-</b>	<b>-</b>	<b>293</b>	<b>2 311 389</b>	<b>2 912 318</b>	<b>38 433</b>	<b>2 950 751</b>



**CASH FLOW STATEMENTS**  
**for the year ended 31 December**

	Notes	2006 R'000	2005 R'000 as restated	2004 R'000 as restated
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash generated before working capital changes	24	596 519	498 968	283 178
Changes in working capital	25	(260 389)	(25 169)	(159 131)
Interest paid		(224 117)	(139 868)	(156 882)
Cash generated from operations		112 013	333 931	(32 835)
Income tax (payment)/refund		(1 448)	663	(1 054)
Net cash inflow from operating activities		110 565	334 594	(33 889)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Additions to property, plant and equipment		(231 323)	(137 770)	(80 237)
Additions to intangible assets		(3 881)	(6 010)	(5 482)
Proceeds on disposal of property, plant and equipment		46	15	17
Investment in associate		(2 074)	-	-
Net cash outflow from investing activities		(237 232)	(143 765)	(85 702)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Decrease in long-term borrowings		(740 344)	(91 666)	(120 260)
Increase/(Decrease) in short-term borrowings		317 973	(79 996)	228 032
Shares issued		580 000	-	-
Net cash inflow/(outflow) from financing activities		157 629	(171 662)	107 772
<b>Net increase in cash, cash equivalents and bank overdrafts</b>		30 962	19 167	(11 819)
Cash, cash equivalents and bank overdrafts at beginning of year		10 597	(8 570)	3 249
<b>Cash, cash equivalents and bank overdrafts at end of year</b>	8	41 559	10 597	(8 570)

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December**

**1. BUSINESS SEGMENT ANALYSIS**

The Group is organised into three major operating divisions, namely Rolled Products, Extrusions and Commercial Products. The divisions are the basis on which the Group reports its primary segment information.

The Rolled Products segment manufactures rolled semi-fabricated aluminium products, which include heat treated plate, can end stock, closure sheet, bright tread plate, thin gauge foil and superior finish painted and brazing sheet for automotive heat exchangers.

The Extrusions segment manufactures extruded aluminium products which include small, large and complex extruded sections, for the building and construction, transport, automotive and other engineering industries.

The Commercial Products segment comprises strategically positioned downstream operations involved in the distribution of aluminium products and the manufacture of a diverse range of products which include rigid foil containers, high pressure aluminium cylinders and cladding products for the construction industry.

	<b>Revenue</b>	<b>Operating profit</b>	<b>Total assets</b>	<b>Total liabilities</b>	<b>Capital expenditure</b>	<b>Depreciation and amortisation</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>2006</b>						
Rolled Products	4 592 018	364 079	5 675 094	2 888 845	184 365	155 222
Hulett Hydro Extrusions	671 935	44 352	354 250	230 375	41 507	16 876
Commercial Products	212 187	13 996	105 725	65 098	5 451	1 901
<b>Group total</b>	<b>5 476 140</b>	<b>422 427</b>	<b>6 135 069</b>	<b>3 184 318</b>	<b>231 323</b>	<b>173 999</b>

# Total segmental revenue between segments for the year amounted to R151 250 000. Rolled Products inter-segmental revenue amounted to R131 936 000 and Extrusions inter-segmental revenue amounted to R19 314 000.

	<b>Revenue</b>	<b>Operating profit</b>	<b>Total assets</b>	<b>Total liabilities</b>	<b>Capital expenditure</b>	<b>Depreciation and amortisation</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>2005</b>						
Rolled Products	3 496 002	255 261	5 054 172	2 639 976	110 683	165 872
Hulett Hydro Extrusions	506 251	50 083	254 818	155 296	24 688	11 188
Commercial Products	160 442	13 399	85 952	49 665	2 399	1 794
<b>Group total</b>	<b>4 162 695</b>	<b>318 743</b>	<b>5 394 942</b>	<b>2 844 937</b>	<b>137 770</b>	<b>178 854</b>

# Total segmental revenue between segments for the year amounted to R89 234 000. Rolled Products inter-segmental revenue amounted to R80 507 000 and Extrusions inter-segmental revenue amounted to R8 727 000.

	<b>Revenue</b>	<b>Operating profit</b>	<b>Total assets</b>	<b>Total liabilities</b>	<b>Capital expenditure</b>	<b>Depreciation and amortisation</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>2004</b>						
Rolled Products	2 713 675	91 222	5 040 869	2 835 603	73 028	118 007
Hulett Hydro Extrusions	476 572	39 189	231 178	158 518	3 324	4 934
Commercial Products	152 618	17 345	79 746	41 966	3 885	1 872
<b>Group total</b>	<b>3 342 865</b>	<b>147 756</b>	<b>5 351 793</b>	<b>3 036 087</b>	<b>80 237</b>	<b>124 813</b>

# Total segmental revenue between segments for the year amounted to R77 469 000. Rolled Products inter-segmental revenue amounted to R69 399 000 and Extrusions inter-segmental revenue amounted to R8 070 000.

## **GEOGRAPHICAL ANALYSIS OF REVENUE**

	<b>2006</b>	<b>2005</b>	<b>2004</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
South Africa	2 283 875	1 666 670	1 374 795
North America	1 405 219	1 347 838	753 861
South America	111 453	90 292	92 161
Europe (EU and EFTA countries)	609 614	468 443	451 577
Asia	884 674	479 556	550 915
Other	181 305	109 896	119 556
	<b>5 476 140</b>	<b>4 162 695</b>	<b>3 342 865</b>

The segments are all based and managed in South Africa.

Inter-segment transfers or transactions are entered into under normal commercial terms and conditions that would also be available to unrelated third parties.

The comparative figures for 2004 and 2005 have been restated as described in accounting policy note 28.

## 2. PROPERTY, PLANT AND EQUIPMENT

	<b>Total</b>	<b>Land and buildings</b>	<b>Plant and machinery</b>	<b>Vehicles, equipment and other</b>	<b>Capital works under construction (CWIP)</b>
	<b>(R'000)</b>	<b>(R'000)</b>	<b>(R'000)</b>	<b>(R'000)</b>	<b>(R'000)</b>
<b>2006</b>					
<b>At cost</b>					
Balance at beginning of year	4 579 066	524 505	3 790 810	91 023	172 728
Additions	231 323	6 902	71 350	1 328	151 743
Borrowing costs capitalised	1 998	-	-	-	1 998
Capitalised from CWIP	-	10 192	38 472	196	(48 860)
Transfers	-	-	125	(125)	-
Disposals	(126)	-	(126)	-	-
Balance at end of year	<b>4 812 261</b>	<b>541 599</b>	<b>3 900 631</b>	<b>92 422</b>	<b>277 609</b>
<b>Accumulated depreciation</b>					
Balance at beginning of year	700 515	40 094	609 391	51 030	-
Charge for the year	172 501	10 302	153 505	8 694	-
Transfers	-	-	8	(8)	-
Disposals	(10)	-	(10)	-	-
Balance at end of year	<b>873 006</b>	<b>50 396</b>	<b>762 894</b>	<b>59 716</b>	-
Carrying value at 31 December 2006	<b>3 939 255</b>	<b>491 203</b>	<b>3 137 737</b>	<b>32 706</b>	<b>277 609</b>
<b>2005</b>					
<b>At cost</b>					
Balance at beginning of year as previously reported	4 452 948	518 986	3 719 153	98 684	116 125
Restatement of dies	19 216	-	19 216	-	-
Software costs reclassified as intangible assets	(18 314)	-	-	(9 070)	(9 244)
Restated balance at beginning of year	4 453 850	518 986	3 738 369	89 614	106 881
Additions	137 770	1 752	30 480	837	104 701
Capitalised from CWIP	-	3 767	34 424	663	(38 854)
Disposals	(12 554)	-	(12 463)	(91)	-
Balance at end of year	<b>4 579 066</b>	<b>524 505</b>	<b>3 790 810</b>	<b>91 023</b>	<b>172 728</b>
<b>Accumulated depreciation</b>					
Balance at beginning of year as previously reported	518 472	29 966	448 389	40 117	-
Restatement of dies	19 216	-	19 216	-	-
Software costs reclassified as intangible assets	(2 108)	-	-	(2 108)	-
Restated balance at beginning of year	535 580	29 966	467 605	38 009	-
Charge for the year	177 467	10 128	154 249	13 090	-
Disposals	(12 532)	-	(12 463)	(69)	-
Balance at end of year	<b>700 515</b>	<b>40 094</b>	<b>609 391</b>	<b>51 030</b>	-
Carrying value at 31 December 2005	<b>3 878 551</b>	<b>484 411</b>	<b>3 181 419</b>	<b>39 993</b>	<b>172 728</b>

## 2. PROPERTY, PLANT AND EQUIPMENT (continued)

	Total	Land and buildings	Plant and machinery	Vehicles, equipment and other	Capital works under construction (CWIP)
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
<b>2004</b>					
<b>At cost</b>					
Balance at beginning of year as previously reported	4 381 056	515 213	3 649 084	95 521	121 238
Restatement of dies	9 754	-	9 754	-	-
Software costs reclassified as intangible assets	(12 832)	-	-	(9 070)	(3 762)
Restated balance at beginning of year	4 377 978	515 213	3 658 838	86 451	117 476
Additions	80 237	1 410	24 042	979	53 806
Capitalised from CWIP	-	2 363	59 831	2 207	(64 401)
Disposals	(4 365)	-	(4 342)	(23)	-
Balance at end of year	4 453 850	518 986	3 738 369	89 614	106 881
<b>Accumulated depreciation</b>					
Balance at beginning of year as previously reported	406 518	22 334	351 702	32 482	-
Restatement of dies	9 754	-	9 754	-	-
Software costs reclassified as intangible assets	(1 400)	-	-	(1 400)	-
Restated balance at beginning of year	414 872	22 334	361 456	31 082	-
Charge for the year	124 105	7 632	109 527	6 946	-
Disposals	(3 397)	-	(3 378)	(19)	-
Balance at end of year	535 580	29 966	467 605	38 009	-
Carrying value at 31 December 2004	3 918 270	489 020	3 270 764	51 605	106 881

Plant and machinery with a book value of R22 297 000, R26 993 000 and R31 705 000 for 2006, 2005 and 2004, respectively, is encumbered as security for secured finance lease obligations (note 11).

The weighted average interest rate used for borrowing costs capitalised was 7.8%.

A register of land and buildings is available for inspection at the Company's registered office.

	<b>2006</b>	<b>2005</b>	<b>2004</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
			<b>as restated</b>
<b>3. INTANGIBLE ASSETS</b>			
<b>Software costs – internally generated and capitalised</b>			
At beginning of year	14 400	8 398	3 762
Additions	3 858	6 002	4 636
At end of year	18 258	14 400	8 398
<b>Accumulated amortisation:</b>			
At beginning of year	–	–	–
Charge for the year	111	–	–
At end of year	111	–	–
Carrying value at end of year	18 147	14 400	8 398
<b>Software costs – other external</b>			
At beginning of year	9 924	9 916	9 070
Additions	23	8	846
At end of year	9 947	9 924	9 916
<b>Accumulated amortisation:</b>			
At beginning of year	3 495	2 108	1 400
Charge for the year	1 387	1 387	708
At end of year	4 882	3 495	2 108
Carrying value at end of year	5 065	6 429	7 808
<b>Total software costs</b>			
Cost	28 205	24 324	18 314
Accumulated amortisation	4 993	3 495	2 108
Carrying value at end of year	23 212	20 829	16 206
<b>4. DEFERRED INCOME TAX ASSET</b>			
The movement on the deferred income tax asset account is as follows:			
At beginning of year	–	10 691	–
Movements during year attributable to:			
Temporary differences	–	–	(42)
Deferred tax asset re-recognised	–	–	19 390
Assessed loss utilised	–	(10 691)	(8 657)
At end of year	–	–	10 691
Deferred tax asset is analysed as follows:			
Fixed asset allowances	–	–	(9 198)
Provisions	–	–	4 806
Assessed loss	–	–	15 083
	–	–	10 691

	<b>2006</b> <b>R'000</b>	<b>2005</b> <b>R'000</b> <b>as restated</b>	<b>2004</b> <b>R'000</b> <b>as restated</b>
<b>5. INVESTMENTS IN ASSOCIATES</b>			
At beginning of year	1	2 556	1
(Impairment)/Reversal of impairment	–	(2 555)	2 555
Loans	2 074	–	–
Cumulative share of post-acquisition loss	(310)	–	–
At end of year	1 765	1	2 556

Details of associates are included in note 35.

#### **6. INVENTORIES**

Raw materials	355 280	294 156	281 119
Work-in-progress	366 708	196 450	155 822
Finished goods	185 662	162 588	188 937
Consumable stores	81 328	53 495	72 993
	988 978	706 689	698 871

As at 31 December 2006, 2005 and 2004 stocks included an adjustment of R5 382 000, R3 700 000 and R6 300 000, respectively, relating to net realisable value. This reduced the value of inventory at that date. In the 2004 year R6 300 000 was recorded in cost of sales for the above adjustment.

In the 2005 year R2 600 000 of this adjustment was reversed and in 2006 a further R1 682 000 was recorded in cost of sales.

The carrying value of stock written down to net realisable value is R21 400 000, R40 100 000 and R24 100 000 for 2006, 2005 and 2004, respectively.

	<b>2006</b> <b>R'000</b>	<b>2005</b> <b>R'000</b> <b>as restated</b>	<b>2004</b> <b>R'000</b> <b>as restated</b>
<b>7. TRADE AND OTHER RECEIVABLES</b>			
Trade receivables	930 330	667 258	539 230
<i>Less:</i> Provision for impairment of receivables	(4 617)	(7 744)	(9 226)
	925 713	659 514	530 004
Sundry receivables	115 409	51 250	68 190
Prepayments	9 231	13 522	22 165
	1 050 353	724 286	620 359
<i>Less:</i> Non-current portion	–	–	(3 595)
	1 050 353	724 286	616 764

The non-current portion relates to prepaid finance costs incurred on long-term loans being written-off over the period of the loan.

There is no significant concentration of risk in respect of any particular customer or industry segments with the exception of one debtor, which forms 25.27%, 31.85% and 19.25% of trade debtors for 2006, 2005 and 2004, respectively.

The fair values of trade and other receivables approximate their carrying cost.

	<b>2006</b>	<b>2005</b>	<b>2004</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
		<b>as restated</b>	<b>as restated</b>
<b>8. CASH AND CASH EQUIVALENTS</b>			
Bank balances	54 276	40 579	33 452
Cash on hand	9 250	280	168
	63 526	40 859	33 620
Effective interest rates	7.50%	6.50%	7.00%
Cash, cash equivalents and bank overdrafts include the following for the purpose of the cash flow statement:			
Cash and cash equivalents	63 526	40 859	33 620
Bank overdrafts	(21 967)	(30 262)	(42 190)
	41 559	10 597	(8 570)
<b>9. DERIVATIVE FINANCIAL INSTRUMENTS</b>			
Forward foreign exchange contracts – designated as hedging instruments	Note 28.1	10 249	4 172
Forward foreign exchange contracts – not designated as hedging instruments	Note 28.1	13 305	(12 910)
Commodity futures – designated as hedging instruments	Note 28.4	27 016	12 928
Commodity futures – not designated as hedging instruments	Note 28.4	(17 139)	(196)
Embedded derivatives	Note 28.5	–	(1 762)
		33 431	2 232
		2 232	(37 228)
Summarised as:			
Financial assets		67 980	23 724
Financial liabilities		(34 549)	(21 492)
		33 431	2 232
		2 232	(37 228)
<b>10. SHARE CAPITAL</b>			
Opening Balance (10 000 000 ordinary shares of R1.00 each)	10 000	10 000	10 000
Issued during year (1 100 000 ordinary shares of R1.00 each)	1 100	–	–
Closing Balance (11 100 000 ordinary shares of R1.00 each)	11 100	10 000	10 000
The total number of authorised shares is 11 100 000, 10 000 000 and 10 000 000 ordinary shares of R1.00 each for 2006, 2005 and 2004, respectively.			
In March 1998 the Company entered into a structured finance agreement with a financial institution whereby the financial institution loaned the Company R580 million. In terms of the agreement the financial institution agreed to subscribe for shares in the Company for a like amount on repayment of the loan.			
The shares to be allocated and issued in terms of this agreement were sold to the existing shareholders. The Tongaat-Hulett Group, Anglo South Africa Capital (Pty) Limited and The Industrial Development Corporation, on 31 March 1998.			
On 29 December 2006, pursuant to the termination of the loan with the financial institution, the following R1.00 par value shares were allotted and issued:			
The Tongaat-Hulett Group (550 000 ordinary shares of R1.00 each)			550 000
The Industrial Development Corporation (330 000 ordinary shares of R1.00 each)			330 000
Anglo South Africa Capital (Pty) Limited (220 000 ordinary shares of R1.00 each)			220 000
			1 100 000



	<b>2006</b>	<b>2005</b>	<b>2004</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>11. BORROWINGS</b>			
<b>Secured loans:</b>			
Finance leases	3 337	3 794	7 913
<b>Unsecured loans:</b>			
HypoVereinsbank Export Credit	154 438	199 587	230 023
HypoVereinsbank Export Credit	7 612	8 570	9 691
Convertible loans Repaid	–	580 000	580 000
	165 387	791 951	827 627
Less: Current portion included in short term borrowings	162 558	61 732	58 638
	2 829	730 219	768 989
Summary of loan repayments by financial year:			
2005	–	–	58 638
2006	–	61 732	54 968
2007	162 558	61 786	55 022
2008	568	641 844	635 083
2009	634	24 961	22 275
2010	708	707	711
Thereafter	919	921	930
Effective interest rates:			
Finance leases	11.37%	11.33%	11.76%
HypoVereinsbank Export Credit Loans	LIBOR + 0.4%	LIBOR + 0.4%	LIBOR + 0.4%
Convertible loans	12.25%	12.22%	12.53%
Book value of assets encumbered as security for finance lease obligations (note 2).	22 297	26 993	31 705
The HypoVereinsbank export credit loans are guaranteed by The Industrial Development Corporation.			
The HypoVereinsbank loans are repayable in US Dollars and amount to USD 23 147 000, USD 32 804 000 and USD 42 462 000 for 2006, 2005 and 2004, respectively.			
The fair value of borrowings approximate their carrying values.			
The details of loans made to the Group are set out in Annexure 11.			
<b>12. DEFERRED INCOME TAX LIABILITIES</b>			
The movement on the deferred income tax liability account is as follows:			
At beginning of year	929 976	987 198	984 118
Movements during year attributable to:			
Temporary differences	(34 145)	(24 455)	3 080
Assessed loss utilised /(created)	3 984	(217)	–
Rate change adjustment	–	(32 550)	–
At end of year	899 815	929 976	987 198
Deferred income tax liabilities are analysed as follows:			
Accelerated tax depreciation	952 932	970 195	1 016 606
Provisions and leave pay accruals	(43 015)	(36 342)	(29 487)
Other	1 980	228	79
Assessed loss	(121)	(4 105)	–
Deferred tax on common control transaction recorded in equity	(11 961)	–	–
	899 815	929 976	987 198

	<b>2006</b> <b>R'000</b>	<b>2005</b> <b>R'000</b>	<b>2004</b> <b>R'000</b>
<b>13. RETIREMENT BENEFIT OBLIGATIONS</b>			
Post-retirement medical aid provision	84 779	79 206	73 850
Retirement gratuity provision	13 853	12 245	10 867
	98 632	91 451	84 717

The movement on these provisions is detailed in note 26.

	<b>2006</b> <b>R'000</b>	<b>2005</b> <b>R'000</b> <b>as restated</b>	<b>2004</b> <b>R'000</b> <b>as restated</b>
<b>14. TRADE AND OTHER PAYABLES</b>			
Trade payables	740 123	468 701	393 399
Accruals and other payables	192 155	99 711	117 080
	932 278	568 412	510 479

#### **15. SHORT-TERM BORROWINGS**

Current portion of long-term loans	162 558	61 732	58 638
Bank overdrafts	21 967	30 262	42 190
Loan from The Tongaat-Hulett Group	630 000	411 393	495 813
	814 525	503 387	596 641

Effective interest rates are as follows:

Bank overdrafts	10.50%	9.50%	10.00%
Loan from The Tongaat-Hulett Group	7.73%	7.47%	8.60%

No fixed repayment terms have been set on The Tongaat-Hulett Group loan and bank overdrafts and these loans are unsecured.

#### **16. HULAMIN JOINT VENTURE**

Amount owed (note 32)	396 320	-	-
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The above loan is unsecured and interest free. No fixed repayment terms have been set.

#### **17. OTHER OPERATING INCOME**

Foreign currency translation adjustments on non-derivative items (note 17.1)	(71 533)	19 392	286
Foreign currency translation adjustments on derivative items (note 17.2)	71 874	2 645	961
Sundry revenue	-	651	-
	341	22 688	1 247

##### **17.1 Foreign currency translation adjustments on non-derivative items**

Foreign loan	(50 783)	(48 109)	50 977
Accrued interest on foreign loan	(318)	1 023	(143)
Export receivables	(22 881)	44 111	(55 484)
Other	1 122	23 154	5 278
Import payables	1 327	(787)	(342)
	(71 533)	19 392	286

	<b>2006</b> <b>R'000</b>	<b>2005</b> <b>R'000</b> <b>as restated</b>	<b>2004</b> <b>R'000</b> <b>as restated</b>
<b>17.2 Valuation adjustments on derivative items</b>			
Forward foreign exchange contracts: not designated as hedging instruments	34 180	11 436	30 647
Forward foreign exchange contracts: cash flow hedges, transfer from equity	(6 461)	3 919	(12 855)
Forward aluminium purchase and sale contracts: cash flow hedges, transfer from equity	12 732	(12 710)	(16 831)
Forward aluminium purchase and sale contracts: fair value hedges and contracts not designated as hedging instruments	31 423	–	–
	<b>71 874</b>	<b>2 645</b>	<b>961</b>
<b>18. EXPENSES BY NATURE</b>			
Raw materials and other costs	4 417 283	3 279 996	2 705 589
Employee benefit expense (note 18.4)	456 742	401 726	359 830
Depreciation (note 18.1)	172 501	177 467	124 105
Amortisation of intangible assets	1 498	1 387	708
Inventory recognised as an expense (note 6)	1 682	(2 600)	6 300
Operating leases (rental on leased premises)	5 398	5 084	4 407
Decrease in provision for impairment of debtors	(3 127)	(1 284)	(7 542)
Impairment of investment in associate	–	2 555	–
Auditors' remuneration (note 18.2)	2 007	2 302	2 008
Loss on disposal of property, plant and equipment	70	7	951
	<b>5 054 054</b>	<b>3 866 640</b>	<b>3 196 356</b>
Classified as:			
– cost of sales	4 694 789	3 539 209	2 907 329
– selling and marketing expenses	260 891	234 794	209 860
– administrative expenses	98 374	92 637	79 167
	<b>5 054 054</b>	<b>3 866 640</b>	<b>3 196 356</b>
<b>18.1 Depreciation of property, plant and equipment</b>			
– buildings	10 302	10 128	7 632
– plant and machinery	153 505	154 249	109 527
– vehicles, equipment and other	8 694	13 090	6 946
	<b>172 501</b>	<b>177 467</b>	<b>124 105</b>
<b>18.2 Auditors' remuneration</b>			
Audit fees	1 861	1 740	1 751
Fees for other services	49	107	117
Prior year (over)/under-provision	(50)	320	(20)
Expenses	147	135	160
	<b>2 007</b>	<b>2 302</b>	<b>2 008</b>
<b>18.3 Directors' emoluments</b>			
Executives			
– Cash package	9 882	9 475	6 709
– Retirement, medical and insurance benefits	1 307	1 269	972
– Bonus	4 098	4 445	3 418
– Fees	70	60	50
Non-executives			
– Fees	537	420	375
	<b>15 894</b>	<b>15 669</b>	<b>11 524</b>

Directors' emoluments and directors' interests are detailed in Annexure 8.

	<b>2006</b> <b>R'000</b>	<b>2005</b> <b>R'000</b> <b>as restated</b>	<b>2004</b> <b>R'000</b> <b>as restated</b>
<b>18.4 Employee benefit expense</b>			
Salaries and wages	418 924	367 133	329 652
Retirement benefit costs:			
Defined contribution scheme (note 26)	4 537	3 840	3 322
Defined benefit scheme (note 26)	17 188	15 992	14 237
Post retirement medical aid costs (note 26)	9 126	8 677	9 180
Staff gratuities (note 26)	2 137	1 805	1 146
Share based costs (note 27)	4 830	4 279	2 293
	<b>456 742</b>	<b>401 726</b>	<b>359 830</b>

## 19. NET FINANCE COSTS

### Interest paid

Long-term loan interest	(178 657)	(98 604)	(115 175)
Short-term loan interest	(45 460)	(41 443)	(41 536)
Interest capitalised	1 998	-	-
Financing costs	<b>(222 119)</b>	<b>(140 047)</b>	<b>(156 711)</b>

Included in finance costs in 2006 is an interest charge of R82 089 000 paid on the settlement of the convertible long term loan (note 11).

## 20. INCOME TAX

The financial statements do not incorporate any charge or liability for taxation on the results of The Hulamin Joint Venture, as the relevant income tax is the responsibility of the partners in the joint venture. The profit before tax of the joint venture is R251 480 000, R228 933 000, and loss of R51 035 000 for 2006, 2005 and 2004, respectively.

The tax relief, which arises in the Company and subsidiaries included within these financial statements, is:

	<b>2006</b> <b>R'000</b>	<b>2005</b> <b>R'000</b> <b>as restated</b>	<b>2004</b> <b>R'000</b> <b>as restated</b>
South African normal taxation:			
Current			
- current year	(6 821)	(14)	(122)
- prior year over provision	-	294	30
Deferred			
- current year	17 560	12 319	7 361
- prior year over provision	640	1 663	249
- rate change adjustment	-	32 550	-
	<b>11 379</b>	<b>46 812</b>	<b>7 518</b>
Estimated assessable losses available for set-off against future taxable income are as follows:			
Total assessable losses	417	14 155	50 276
Normal rate of taxation	29.0%	29.0%	(30.0%)
Adjusted for:			
Non-allowable items	1.7%	0.2%	(8.5%)
Joint venture income/loss	(36.4%)	(37.2%)	171.0%
Deferred tax asset re-recognised	-	-	(216.5%)
Rate change adjustment	-	(18.2%)	-
Effective rate of taxation	<b>(5.7%)</b>	<b>(26.2%)</b>	<b>(84.0%)</b>

The significant movement in effective tax rate from 2005 to 2006 is due to the rate change adjustment in 2005 when the tax rate decreased from 30% to 29%. The significant movement in tax rate from 2004 to 2005 is due to deferred tax asset re-recognised in 2004.

## 21. EARNINGS PER SHARE

Earnings per share are calculated using the weighted average number of ordinary shares in issue during the year. In the case of basic earnings per share, the weighted average number of shares in issue during 2006, 2005 and 2004 is 100 060 274, 100 000 000 and 100 000 000, respectively. For purposes of the diluted earnings per share calculation, at 31 December 2006 there were no potential ordinary shares in issue (2005 and 2004: nil).

The weighted average number of shares in issue at 31 December 2006 has been adjusted for the following transaction which occurred after the balance sheet date, but before the financial statements were authorised:

- The authorised share capital of 24 million shares of R1.00 each have been divided into 240 million shares of 10 cents each, and the issued share capital of 11.1 million shares of R1.00 each has been divided into 111 million shares of 10 cents each.

Earnings for the group include earnings from The Hulamin Joint Venture. This is not taxed as per note 20.

	<b>2006</b> <b>R'000</b>	<b>2005</b> <b>R'000</b> <b>as restated</b>	<b>2004</b> <b>R'000</b> <b>as restated</b>
<b>22. HEADLINE EARNINGS/(LOSS)</b>			
Profit attributable to ordinary shareholders:	204 072	217 208	(12 093)
Plus after tax effect of:			
Loss on disposal of property, plant and equipment	70	5	951
Impairment of investment in associate	-	2 555	-
Headline earnings	204 142	219 768	(11 142)
Headline earnings per share			
Basic	R2.04	R2.20	(R0.11)
Diluted	R2.04	R2.20	(R0.11)

## 23. NET ASSET VALUE PER SHARE

Net asset value (total equity)	2 912 318	2 518 877	2 292 878
Intangible assets	(23 212)	(20 829)	(16 206)
Net tangible asset value	2 889 106	2 498 048	2 276 672
Shares in issue	111 000 000	100 000 000	100 000 000
Net asset value per share			
Basic	R26.24	R25.19	R22.93
Tangible	R26.03	R24.98	R22.77

## 24. CASH GENERATED BEFORE WORKING CAPITAL CHANGES

Operating profit	422 427	318 743	147 756
<i>Adjusted for:</i>			
Revaluation of financial instruments	(7 158)	(7 925)	5 610
Impairment of investment in associate/ (reversal of impairment)	-	2 555	(2 555)
Depreciation	172 501	177 467	124 105
Amortisation of intangible assets	1 498	1 387	708
Loss on disposal of property, plant and equipment	70	7	951
Movement in retirement benefit obligation	7 181	6 734	6 603
	596 519	498 968	283 178

	<b>2006</b> <b>R'000</b>	<b>2005</b> <b>R'000</b> <b>as restated</b>	<b>2004</b> <b>R'000</b> <b>as restated</b>
<b>25. CHANGES IN WORKING CAPITAL</b>			
Increase in inventories	(282 289)	(7 818)	(143 504)
Increase in trade and other receivables	(351 897)	(81 598)	(5 782)
Increase/(Decrease) in trade and other payables	373 797	64 247	(9 845)
	(260 389)	(25 169)	(159 131)

## **26. RETIREMENT BENEFITS**

### **Retirement Benefit Schemes**

The Group contributes towards retirement benefits for substantially all permanent employees who, depending on preference or local legislation, are required to be a member of either a Group implemented scheme or a member of a designated industry scheme. The Group schemes are governed by the relevant fund legislation. Their assets consist primarily of listed shares, fixed income securities, property investments and money market instruments and are held separately from those of the Group. The scheme assets are administered by boards of trustees, each of which includes elected representatives.

### **Defined Contribution Scheme**

There is one defined contribution scheme, namely the Metal Industries Provident Fund scheme.

Contributions of R4 537 000, R3 840 000 and R3 322 000 were expensed in 2006, 2005 and 2004, respectively.

### **Defined Benefit Pension Scheme**

There is one funded defined benefit scheme (The Tongaat-Hulett Pension Fund) for all employees of The Tongaat-Hulett Group including those of the Hulamin Group. The scheme is a defined benefit plan that shares risks between entities under common control, and accordingly the scheme has been accounted for as a defined contribution scheme. There is no contractual agreement or stated policy for charging the defined benefit costs and accordingly the assets and liabilities of the entire fund are disclosed in this note. Hulamin Group's contribution is based on 9.5% of actual employee pensionable emoluments.

Contributions of R17 188 000, R15 992 000 and R14 237 000 were expensed in 2006, 2005 and 2004 years, respectively.

The Fund is actuarially valued at intervals of not more than three years using the projected unit credit method. In the statutory actuarial valuation of the scheme as at 31 December 2001 the Fund was certified by the reporting actuary to be in a sound financial position. With effect from 7 December 2001 the Pension Funds Second Amendment Act was promulgated. This Act requires the Fund to submit a plan for the apportionment on a fair basis to the employer and past and current members of the Fund of the actuarial surplus at 31 December 2001. The apportionment plan must be approved by the Financial Services Board (FSB). Whilst the valuation of the Fund at 31 December 2001 and the apportionment plan have been completed and submitted to the FSB, they have not yet been approved. Accordingly, due to the uncertainty regarding apportionment, no surplus has been recognised on the Group's balance sheet.

An actuarial valuation of liabilities, based on the existing benefits, carried out at 31 December 2006 in accordance with IAS 19 showed the present value of obligations to be adequately covered by the fair value of the scheme assets.

	<b>2006</b>	<b>2005</b>	<b>2004</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>26. RETIREMENT BENEFITS (continued)</b>			
<b>Defined Benefit Pension Scheme (continued)</b>			
<b>Details of the valuation of The Tongaat-Hulett Group Fund are as follows:</b>			
<b>Fair value of plan assets</b>			
Balance at beginning of year	4 553 500	3 602 300	3 061 000
Expected return on scheme assets	348 300	283 200	300 000
Employer contributions	39 300	37 400	40 000
Members contributions	31 300	29 400	27 000
Benefits paid	(181 200)	(178 800)	(182 000)
Acquisitions – transfer values received/(disposals)	(8 400)	(13 700)	(3 000)
Actuarial gain	1 162 000	793 700	359 000
Balance at end of year	5 944 800	4 553 500	3 602 000
<b>Present value of defined benefit obligation</b>			
Balance at beginning of year	3 464 200	3 109 400	2 786 000
Current service cost	80 700	71 800	64 000
Interest cost	265 500	245 100	274 000
Members contributions	31 300	29 400	27 000
Benefits paid	(181 200)	(178 800)	(182 000)
Acquisitions – transfer values received/(disposals)	(8 400)	(13 700)	(3 000)
Actuarial loss	550 300	201 000	143 000
Balance at end of year	4 202 400	3 464 200	3 109 000
<b>Asset information</b>			
Equities	4 623 800	3 511 500	2 703 000
Fixed interest bonds	804 000	684 000	580 000
Property	8 000	8 000	8 000
Cash	509 000	350 000	311 000
	5 944 800	4 553 500	3 602 000
The principal actuarial assumptions are:			
Discount rate	8.00%	7.75%	8.00%
Salary increase	5.25%	4.75%	5.00%
Pension increase	4.25%	3.75%	4.00%
Expected rate of return on assets	8.00%	7.75%	8.00%
<b>Actuarial gains and (losses) on:</b>			
Plan liabilities	(429 000)	(199 000)	50 000
Percentage of the present value of the plan liabilities	10.2%	5.7%	(1.6%)
Plan assets	1 162 000	793 700	359 000
Percentage of plan assets	19.6%	17.4%	10.0%

Estimated contributions payable by The Tongaat-Hulett Group in 2007 are R43 000 000 and by Hulamin Limited are R18 390 000.

#### **Post-Retirement Medical Aid Benefits**

The obligation of the Group to pay medical aid contributions after retirement is no longer part of the conditions of employment for employees engaged after 30 June 1996. The entitlement to this benefit for current employees is dependent upon the employee remaining in service until retirement age and completing a minimum service period of 10 years. The provision is unfunded.

	<b>2006</b>	<b>2005</b>	<b>2004</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>26. RETIREMENT BENEFITS (continued)</b>			
<b>Post-Retirement Medical Aid Benefits (continued)</b>			
<i>Amounts recognised in the balance sheet</i>			
Present value of unfunded obligations	93 806	81 379	81 219
Unrecognised actuarial losses	(9 027)	(2 173)	(7 369)
Liability in the balance sheet	84 779	79 206	73 850
<i>The liability can be reconciled as follows:</i>			
Balance at beginning of year	79 206	73 850	67 899
Total expense	9 126	8 677	9 180
Contributions paid	(3 553)	(3 321)	(3 229)
Balance at end of year	84 779	79 206	73 850
<i>Amounts recognised in the income statement are as follows:</i>			
Interest costs	6 304	6 512	6 786
Current service costs	1 691	1 833	1 575
Actuarial loss recognised	1 131	332	819
	9 126	8 677	9 180
<i>The principal actuarial assumptions are:</i>			
Discount rate	8.00%	8.25%	9.00%
Healthcare cost inflation	5.25%	5.25%	6.00%
Expected contributions to post-retirement medical aid benefits for the year ending 31 December 2007 are R3 767 000.			
<b>Retirement gratuities</b>			
The Group has in the past made discretionary payments, on retirement, to eligible employees who have remained in service until retirement age and have completed a minimum service period. The provision is unfunded.			
<i>Amounts recognised in the balance sheet</i>			
Present value of unfunded obligations	15 685	13 611	10 867
Unrecognised actuarial losses	(1 832)	(1 366)	–
Liability in the balance sheet	13 853	12 245	10 867
<i>The liability can be reconciled as follows:</i>			
Balance at beginning of year	12 245	10 867	10 214
Total expense	2 137	1 805	1 146
Gratuity payments	(529)	(427)	(493)
Balance at end of year	13 853	12 245	10 867
<i>Amounts recognised in the income statement are as follows:</i>			
Interest costs	1 093	992	1 028
Service costs	803	663	621
Actuarial loss/(gain) recognised	241	150	(503)
	2 137	1 805	1 146
<i>The principal actuarial assumptions are:</i>			
Discount rate	8.00%	8.25%	9.00%
Salary inflation rate	5.25%	5.25%	6.00%
Expected contributions to retirement gratuities for the year ending 31 December 2007 are R2 229 000.			



## 27. EMPLOYEE SHARE INCENTIVE SCHEMES

The adoption of IFRS 2, Share-based Payment, in 2005 requires that all awards made after 7 November 2002 be accounted for in the financial statements of the company. IFRS 2 has therefore only been applied to The Tongaat-Hulett Group 2001 Share Option Scheme in respect of the awards made on 14 April 2003, 1 October 2003 and 21 April 2004 and to the new share incentive scheme comprising the Share Appreciation Right Scheme (SARS), the Long-Term Incentive Plan 2005 (LTIP) and the Deferred Bonus Plan 2005 (DBP).

Details of awards in terms of the Company's share incentive schemes are as follows (data for 2004 movements not available):

### The Tongaat-Hulett Employees Share Incentive Scheme and The Tongaat-Hulett Group Limited 2001 Share Option Scheme (the Original Share Option Schemes)

Participating employees have been awarded share options in Tongaat-Hulett Group Limited shares. On vesting the employee is entitled to purchase shares at the option price.

Option price Rand	Expiring ten years from	Number of options at 31 Dec 2004	Options exercised in 2005	Options forfeited in 2005	Number of options at 31 Dec 2005	Options exercised in 2006	Options forfeited in 2006	Number of options at 31 Dec 2006	Options time constrained
33.25	4 Nov 1998	38 000	26 000	–	12 000	8 000	–	4 000	–
32.90	5 March 1999	130 000	73 000	–	57 000	38 000	–	19 000	–
40.10	7 May 1999	71 100	36 300	–	34 800	19 700	–	15 100	–
30.00	19 May 2000	28 300	14 800	–	13 500	12 600	–	900	–
39.85	12 Jan 2001	17 200	7 200	–	10 000	10 000	–	–	–
40.00	16 May 2001	219 375	76 000	1 150	142 225	88 225	–	54 000	–
49.60	13 May 2002	260 450	44 300	3 100	213 050	115 350	600	97 100	–
31.90	14 April 2003	299 900	29 400	6 400	264 100	103 900	6 800	153 400	82 440
34.50	1 Oct 2003	15 000	–	–	15 000	10 500	–	4 500	4 500
47.00	21 April 2004	297 500	–	8 600	288 900	59 500	11 500	217 900	165 360
		1 376 825	307 000	19 250	1 050 575	465 775	18 900	565 900	252 300

The weighted average fair value costing of share options granted in 2003 and 2004, determined using the binomial tree valuation model, was R11.12 per share and R15.28 per share, respectively.

The significant inputs into the model for the 2003/4 awards of the original share option schemes were:

Share price at grant date	The share price at grant date is the share price at the date on which the share option is issued, as noted above.
Exercise price	The exercise price is the share price at grant date, as noted above.
Expected option life	114 months (assume contractual plus a leaving percentage of 5%).
Risk-free interest rate	9.02%.
Expected volatility	Expected volatility of 35% is based on historical volatility determined by the statistical analysis of daily share price movements over the past three years.
Expected dividends	The measurement of the fair value of the share option did not take into account dividends, as no dividend payment was expected. A continuous dividend yield of 3.9% was used.
Weighted average share price	R40.40.
Expected early exercise	Early exercise is taken into account on an expectation basis.
Performance (vesting) conditions	There are no performance (vesting) conditions, other than the passage of time.
Non-market performance conditions	No non-market conditions.
Market performance conditions	No market conditions.
Weighted average remaining life:	
– Expected	73 months or 6 years (2005: 80 months or 7 years, 2004: 87 months or 7 years).
– Contractual	120 months or 10 years.

## 27. EMPLOYEE SHARE INCENTIVE SCHEMES (continued)

### Details of awards in terms of the Company's share incentive schemes (continued)

#### Share Appreciation Rights Scheme 2005

Under the share appreciation right scheme, participating employees are awarded the right to receive shares equal to the difference between the exercise price and the grant price, less income tax payable on such difference. The employee therefore participates in the after-tax share price appreciation in The Tongaat-Hulett Group Limited. The vesting of the right is conditional on the achievement of The Tongaat-Hulett Group (THG) performance levels over a performance period.

Grant price Rand	Expiring seven years from	Number of rights at 31 Dec 2004	Rights granted in 2005	Rights forfeited in 2005	Number of rights at 31 Dec 2005	Rights granted in 2006	Rights forfeited in 2006	Number of rights at 31 Dec 2006
57.58	10 May 2005	-	350 731	4 040	346 691	-	25 221	321 470
96.09	25 April 2006	-	-	-	-	353 969	15 364	338 605
		-	350 731	4 040	346 691	353 969	40 585	660 075

The estimated fair value costing of these share appreciation rights was determined using the binomial tree valuation model and non-market performance conditions, based on the following significant inputs:

Share price at grant date	The price at which the share appreciation right is issued, as noted above.
Exercise price	The share price at grant date, as noted above.
Expected option life	80 months (assume contractual plus a leaving percentage of 5%).
Risk-free interest rate	2006 award: 7.22% (2005 award: 8.09%).
Expected volatility	Expected volatility of 35% is based on historical volatility determined by the statistical analysis of daily share price movements over the past three years.
Expected dividends	The measurement of the fair value of the share appreciation rights did not take into account dividends, as no dividend payment was expected. A continuous dividend yield of 4.0% was used for the 2006 award (2005 award: 3.9%).
Weighted average share price	2006 award: R96.09 (2005 award: R57.58).
Expected early exercise	Early exercise is taken into account on an expectation basis.
Time constraints	Three years from grant date.
Performance (vesting) conditions	An increase in THG headline earnings per ordinary share as determined by the Remuneration Committee. Retesting of the performance condition is allowed.
Non-market performance conditions	Growth in THG headline earnings per share.
Market performance conditions	No market conditions.
Estimated fair value per right	2006 award: R18.11 (2005 award: R13.88).
Weighted average remaining life:	
- Expected	2006 award: 76 months or 6 years (2005 award: 64 months or 5 years).
- Contractual	84 months or 7 years.

## 27. EMPLOYEE SHARE INCENTIVE SCHEMES (continued)

### Details of awards in terms of the company's share incentive schemes (continued)

#### Long-Term Incentive Plan 2005

Under the long-term incentive plan, participating employees are granted conditional awards. These awards are converted into shares in THG on the achievement of performance conditions over a performance period.

Issue price Rand	Expiring three years from	Number of conditional awards at 31 Dec 2004	Conditional awards granted in 2005	Number of conditional awards at 31 Dec 2005	Conditional awards granted in 2006	Conditional awards forfeited in 2006	Number of conditional awards at 31 Dec 2006
57.58	10 May 2005	-	90 238	90 238	-	9 710	80 528
96.09	25 April 2006	-	-	-	46 023	918	45 105
		-	90 238	90 238	46 023	10 628	125 633

The estimated fair value costing of these conditional share awards was determined using the Monte Carlo Simulation model and non-market performance conditions, based on the following significant inputs:

Share price at grant date	The price at which the conditional share award is issued, as noted above.
Exercise price	The share price at grant date, as noted above.
Expected option life	34 months (assume contractual plus a leaving percentage of 5%).
Risk-free interest rate	2006 award: 7.01% (2005 award: 7.44%).
Expected volatility	Expected volatility of 25.60% for the 2006 award (2005 award: 27.02%) is based on historical volatility determined by the statistical analysis of daily share price movements over the past three years.
Expected dividends	The measurement of the fair value of the share appreciation rights did not take into account dividends, as no dividend payment was expected. A continuous dividend yield of 3.8% was used for the 2006 award (2005 award: 3.9%).
Weighted average share price	2006 award: R96.09 (2005 award: R57.58).
Expected early exercise	Early exercise is taken into account on an expectation basis.
Time constraints	Two years from grant date.
Performance (vesting) conditions	50% of the LTIP award will be subject to the TSR condition and 50% will be subject to the ROCE condition. No retesting of the performance condition is allowed.
Non-market performance conditions	Return on capital employed (ROCE).
Market performance conditions	Total shareholder return (TSR).
Estimated fair value per conditional award	2006 award: R39.78 (2005 award: R24.96).
Weighted average remaining life:	
- Expected	2006 award: 28 months or 2 years (2005 award: 16 months or 1 year).
- Contractual	36 months or 3 years.

## 27. EMPLOYEE SHARE INCENTIVE SCHEMES (continued)

### Details of awards in terms of the company's share incentive schemes (continued)

#### Deferred Bonus Plan 2005

Under the deferred bonus plan, participating employees purchase shares in THG with a portion of their after tax bonus. These pledged shares are held in trust by a third party administrator for a qualifying period, after which THG awards the employee a number of shares in THG which matches those pledged shares released from the trust.

Issue price Rand	Expiring three years from	Number of conditional awards at 31 Dec 2004	Conditional awards granted in 2005	Number of conditional awards at 31 Dec 2005	Conditional awards granted in 2006	Number of conditional awards at 31 Dec 2006
57.76	4 May 2005	-	3 314	3 314	-	3 314
91.86	3 March 2006	-	-	-	2 693	2 693
		-	3 314	3 314	2 693	6 007

The estimated fair value costing of these deferred bonus share awards was based on the following significant inputs:

Share price at grant date	The price at which the deferred bonus share is issued, as noted above.
Exercise price	The share price at grant date, as noted above.
Expected option life	34 months (assume contractual plus a leaving percentage of 5%).
Risk-free interest rate	Not applicable.
Expected volatility	Not applicable.
Expected dividends	The measurement of the fair value of the deferred bonus shares did not take into account dividends, as no dividend payment was expected.
Weighted average share price	2006 award: R91.86 (2005 award: R57.76).
Expected early exercise	Early exercise is taken into account on an expectation basis.
Time constraints	Two years from grant date.
Performance (vesting) conditions	There are no performance (vesting) conditions, other than the passage of time.
Non-market performance conditions	No non-market conditions.
Market performance conditions	No market conditions.
Estimated fair value per deferred bonus share	2006 award: R72.47 (2005 award: R50.00)
Weighted average remaining life:	
- Expected	2006 award: 26 months or 2 years (2005 award: 16 months or 1 year).
- Contractual	36 months or 3 years.

The deferred bonus shares were purchased by the participating employees on 2 March 2006 in respect of the 2006 award (2005 award: purchased over the period from 4 May 2005 to 10 May 2005).

#### Share Based Payments Charge

The charge for share-based payments was R4 830 000, R4 279 000 and R2 293 000 for 2006, 2005 and 2004, respectively, and has been recognised in the statement of changes in equity.

The future costs of the employee share incentive schemes for awards made prior to 31 December 2006 are estimated to be:

	2007	2008	2009	2010	2011
(R'000)	5 286	3 666	1 115	158	26

## 28. FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist primarily of cash deposits with banks, derivatives, accounts receivable and payable, and loans to and from associates and others. Financial instruments are carried at fair value or amounts that approximate fair value.

In the normal course of operations, the Group is exposed to credit, foreign currency, interest, liquidity and commodity price risk. In order to manage these risks, the Group may enter into derivative transactions. These include forward exchange contracts (FEC's) and commodity futures. The Group does not speculate in or engage in the trading of derivative instruments. Since the Group uses derivative instruments for risk management, market risk relating to derivative instruments will be offset by changes in the valuation of the underlying assets, liabilities or transactions being hedged.

The comparative figures for 2004 and 2005 for note 28.1, 28.4 and 28.5 have been restated as described in accounting policy note 28.

### 28.1 Foreign currency management

All import transactions, foreign currency liabilities and a portion of export transactions and assets are covered forward, in aggregate, by forward exchange contracts.

The following forward exchange contracts are designated as hedging instruments in cash flow hedges at 31 December. All of these contracts and their related hedged items mature in the following year.

	2006			2005			2004		
	Foreign amount '000	Rand amount R'000	Fair value R'000	Foreign amount '000	Rand amount R'000	Fair value R'000	Foreign amount '000	Rand amount R'000	Fair value R'000
<b>Imports</b>									
Pound Sterling	324	4 439	8	679	7 426	(15)	270	3 030	(98)
Euro	3 795	34 986	140	1 078	8 470	(408)	1 518	11 649	(5)
US Dollar	9 184	64 288	(2 875)	125	1 715	(921)	1 460	8 265	(24)
Other		1 579	(6)		812	(31)		478	(10)
		105 292	(2 733)		18 423	(1 375)		23 422	(137)
<b>Exports</b>									
US Dollar	(72 506)	(507 542)	11 850	(93 968)	(602 966)	4 938	73 315	458 452	39 364
Euro	(9 363)	(86 312)	1 176	(2 853)	(21 810)	609	5 721	43 942	(390)
Pound Sterling	(852)	(11 692)	(44)	-	-	-	1 387	15 331	224
Other		-	-	-	-	-	30	25	-
		(605 546)	12 982		(624 776)	5 547		517 750	39 198
<b>NET TOTAL</b>		(500 254)	10 249		(606 353)	4 172		541 172	39 061
Included in cash flow hedges			10 249			4 172			39 061
Financial assets			13 897			8 837			43 451
Financial liabilities			(3 648)			(4 665)			(4 390)
			10 249			4 172			39 061

Fair value is calculated as the difference between the contracted value and the value to maturity at balance sheet dates.

The following forward exchange contracts, although entered into to hedge currency risks, were not designated as hedging instruments for accounting classification at 31 December.

	2006			2005		
	Foreign amount '000	Rand amount R'000	Fair value R'000	Foreign amount '000	Rand amount R'000	Fair value R'000
<b>Exports</b>						
US Dollars	89 147	624 029	11 605	1 171	7 449	2
Pounds Sterling		–	–	683	8 249	677
		624 029	11 605		15 698	679
<b>Borrowings</b>						
US Dollar	(24 192)	(169 342)	1 700	(34 354)	(242 458)	(13 589)
		(169 342)	1 700		(242 458)	(13 589)
<b>NET TOTAL</b>		454 687	13 305		(226 760)	(12 910)
Financial assets			26 166			1 959
Financial liabilities			(12 861)			(14 869)
			13 305			(12 910)
<b>2004</b>						
			Foreign amount '000	Rand amount R'000	Fair value R'000	
<b>Exports</b>						
US Dollars			18 350	112 688	7 193	
Euro			800	6 400	139	
				119 088	7 332	
<b>Borrowings</b>						
US Dollar			(46 201)	(345 884)	(72 767)	
				(345 884)	(72 767)	
<b>NET TOTAL</b>				(226 796)	(65 435)	
Financial assets					7 332	
Financial liabilities					(72 767)	
					(65 435)	

## 28. FINANCIAL RISK MANAGEMENT (continued)

### 28.1 Foreign currency management (continued)

Fair value of forward exchange contracts maturing in future years are as follows:

	<b>2006 Rand Amount R'000</b>	<b>2005 Rand Amount R'000</b>	<b>2004 Rand Amount R'000</b>
2005	–	–	(47 699)
2006	–	(12 233)	(17 736)
2007	11 819	(677)	–
2008	1 486	–	–
	<b>13 305</b>	<b>(12 910)</b>	<b>(65 435)</b>

Fair value is calculated as the difference between the contracted value and the value to maturity at 31 December.

The group had the following uncovered export trade debtors at 31 December:

	<b>2006 Foreign Amount '000</b>	<b>2005 Foreign Amount '000</b>	<b>2004 Foreign Amount '000</b>	<b>2006 Rand Amount R'000</b>	<b>2005 Rand Amount R'000</b>	<b>2004 Rand Amount R'000</b>
Pounds Sterling	816	760	68	11 228	8 294	735
Euro currency	1 150	15	1 091	10 637	113	8 110
US Dollars	10 153	486	7 580	70 969	3 082	33 686
Swiss Francs	–	–	7	–	–	35
				<b>92 834</b>	<b>11 489</b>	<b>42 566</b>

### 28.2 Interest rate management

All the borrowings of the Group are at rates of interest, which are not fixed beyond twelve months.

The Group does not cover exposure to interest rate risk.

### 28.3 Credit risk management.

All deposits are held with major banks, and all foreign exchange hedging transactions are undertaken with Anglo Finance SA (Pty) Limited. Credit extended to trade debtors is reviewed on a monthly basis. 75% of the value of all export debtors are insured through Credit Guarantee Insurance Corporation.

All aluminium futures and options are undertaken with major LME broker companies.

### 28.4 Commodity price management.

Purchases and sales of aluminium are at prices that fluctuate with movements on the London Metal Exchange. The exposure to movements in the price of aluminium is hedged by futures contracts.

In 2006, the designated hedged items were committed future sales that, via the hedge, were converted predominantly from fixed prices to floating prices. In 2005 and 2004, the designated hedged items were forecast purchases that, via the hedge, were predominantly converted from floating prices to fixed prices. This change in designation has resulted in these hedges being classed as fair value hedges in 2006 and cash flow hedges in 2005 and 2004.

## 28. FINANCIAL RISK MANAGEMENT (continued)

### 28.4 Commodity price management (continued)

The following futures contracts were designated as hedging instruments in a fair value hedge relationship at 31 December.

	2006		2005			
	Tons Contracted Value R'000	Fair Value R'000	Tons Contracted Value R'000	Fair Value R'000		
Forward purchases	21 675	399 536	27 016	6 550	16 002	12 928
Financial assets			27 917			12 928
Financial liabilities			(901)			-
			27 016			12 928
Included in fair value hedges			27 016			-
Included in cash flow hedges			-			12 928
			27 016			12 928
<hr/>						
				2004		
				Tons Contracted Value R'000	Fair Value R'000	
Forward purchases				237	216	21
Financial liabilities						21

Although covering exposure to commodity price risk, the following futures contracts were not designated as hedging instruments for accounting classification at 31 December.

	2006		2005			
	Tons Contracted Value R'000	Fair Value R'000	Tons Contracted Value R'000	Fair Value R'000		
Forward sales	18 000	338 493	(17 139)	875	1 753	(196)
Financial liabilities			(17 139)			(196)
<hr/>						
				2004		
				Tons Contracted Value R'000	Fair Value R'000	
Forward sales				-	-	-

Fair value is calculated as the difference between the contracted value and the value to maturity at 31 December.



## 28. FINANCIAL RISK MANAGEMENT (continued)

### 28.5 Embedded derivatives

The following derivatives requiring separate recognition were embedded within sales orders at 31 December. These orders were for delivery in the following year and were denominated in currencies other than that of the customer or of the company.

	2005			2004		
	Foreign Order Value '000	Rand Order Value R'000	Fair Value R'000	Foreign Order Value '000	Rand Order Value R'000	Fair Value R'000
US Dollar	10 788	68 252	(1 498)	19 966	112 708	(10 094)
Euro	606	4 555	(264)	4 347	33 351	(537)
Other				1 269	13 758	(244)
		72 807	(1 762)		159 817	(10 875)
Financial assets			-			52
Financial liabilities			(1 762)			(10 927)
			(1 762)			(10 875)

Following the re-classification of the US dollar as a currency commonly used for cross border trade by and with South African business, no material embedded derivatives exist in 2006. Fair value is calculated as the difference between the contracted value and the value to maturity at 31 December.

### 28.6 Liquidity risk management

The shareholders of the Company have provided the funding required by the Group. Funding facilities are being arranged to cater for the Group's funding needs after the unbundling of the Group from The Tongaat-Hulett Group Limited.

	2006 R'000	2005 R'000	2004 R'000
--	---------------	---------------	---------------

## 29. CAPITAL EXPENDITURE COMMITMENTS

Contracted	95 152	103 861	10 856
Approved but not contracted	984 668	59 016	55 590
	1 079 820	162 877	66 446

The above capital expenditure commitments are in relation to property, plant and equipment. Capital expenditure will be funded by a combination of external borrowings and cash flow from operations.

	<b>2006</b> <b>R'000</b>	<b>2005</b> <b>R'000</b> <b>as restated</b>	<b>2004</b> <b>R'000</b> <b>as restated</b>
<b>30. LEASE COMMITMENTS</b>			
Amounts payable under finance leases			
Minimum lease payments due:			
Not later than one year	908	903	5 091
Later than one year and not later than five years	3 631	3 612	3 666
Later than five years	152	1 055	1 985
	4 691	5 570	10 742
Less: future finance charges	(1 354)	(1 776)	(2 829)
Present value of lease obligations	3 337	3 794	7 913
Payable:			
Not later than one year	510	828	4 999
Later than one year and not later than five years	2 696	2 337	1 665
Later than five years	131	629	1 249
	3 337	3 794	7 913
Book value of plant and equipment encumbered as security for finance lease obligations (note 2)	22 297	26 993	31 705
Operating lease commitments, amounts due:			
Not later than one year	4 064	4 276	5 281
Later than one year and not later than five years	8 931	10 529	13 378
Later than five years	3 469	5 114	6 711
	16 464	19 919	25 370
In respect of:			
Property	5 190	7 339	11 484
Plant and machinery	11 274	12 580	13 886
	16 464	19 919	25 370

As a result of applying IFRIC 4, Interpretation (policy note 34), operating lease commitments include R11 274 000 (2005: R12 580 000, 2004: R25 370 000) for the electricity sub-station.

The Group leases various offices and warehouses under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

### 30. LEASE COMMITMENTS

#### 31.1 Related party transactions

The Tongaat-Hulett Group Limited holds 50% of the company's shares with Anglo South Africa Capital (Pty) Limited holding 20% and the other 30% held by The Industrial Development Corporation. The ultimate parent of the group is Anglo American Plc as both The Tongaat-Hulett Group Limited and Anglo South Africa Capital (Pty) Limited are its subsidiaries.

During the year the Group, in the ordinary course of business, entered into various related party sales, purchases and investment transactions. These transactions occurred under terms that are no less favourable than those arranged with third parties. Intra-group transactions are eliminated on consolidation.

	<b>2006</b> <b>R'000</b>	<b>2005</b> <b>R'000</b> <b>as restated</b>	<b>2004</b> <b>R'000</b> <b>as restated</b>
Derivative Financial Instruments:			
Forward exchange contracts designated as hedging instruments with Anglo Finance SA (Pty) Limited included in current assets (note 28.1)	13 897	8 837	43 451
Forward exchange contracts designated as hedging instruments with Anglo Finance SA (Pty) Limited included in current liabilities (note 28.1)	3 648	4 665	4 390
Forward exchange contracts not designated as hedging instruments with Anglo Finance SA (Pty) Limited included in current assets (note 28.1)	26 166	1 959	7 332
Forward exchange contracts not designated as hedging instruments with Anglo Finance SA (Pty) Limited included in current liabilities (note 28.1)	12 861	14 869	72 767
Other:			
Administration fee paid to The Tongaat-Hulett Group Limited	1 950	1 950	1 950
Guarantee fee paid to The Industrial Development Corporation	425	540	882
Interest paid to The Tongaat-Hulett Group Limited	43 370	38 504	35 617
Loan balance owing to The Tongaat-Hulett Group Limited	630 000	411 393	495 812
Amount owing to The Hulamin Joint Venture	396 320	-	-

#### 31.2 Key management personnel compensation

Refer note 18.3.

### 32. ACQUISITION OF THE HULAMIN JOINT VENTURE'S NET ASSETS

At 31 December 2006, the company acquired the assets and liabilities of The Hulamin Joint Venture at fair value but have recognised the assets and liabilities at their book value. The details of how this transaction has been treated in the annual financial statements are described in accounting policy note 28.

Details of assets and liabilities acquired at 31 December 2006 are as follows:

	<b>R'000</b>
Inventories	<b>865 749</b>
Accounts receivable	<b>847 816</b>
Derivative financial instruments	<b>21 391</b>
	<b>1 734 956</b>
Consideration paid	
Liabilities assumed	<b>791 293</b>
Debt	<b>547 343</b>
Balance owed	<b>396 320</b>
	<b>1 734 956</b>

### 33. GROUP RESTRUCTURING UNDER A COMMON CONTROL TRANSACTION

At 31 December 2006, the Company acquired the assets and liabilities of The Hulamin Joint Venture (note 32). The results for the period are presented as though the acquisition had taken place on 1 January 2004, in accordance with accounting policy note 28. Details of The Hulamin Joint Venture assets and liabilities transferred at 1 January 2004 are as follows:

	<b>R'000</b>
<b>Liabilities</b>	
Derivative financial instruments	16 814
Loan from Hulett Aluminium (Pty) Limited	714 830
Accounts payable	377 783
	<b>1 109 427</b>
<b>Assets</b>	
Hedging reserve	16 523
Partners' capital account	74 303
Inventories	481 446
Accounts receivable	535 394
Cash resources	1 761
	<b>1 109 427</b>

### 34. CONTINGENT LIABILITIES

The Company has a contingent liability at 31 December 2006 of R4 180 000 (2005: R3 734 000, 2004: R3 688 000) in respect of a dispute with the Department of Trade and Industries relating to General Export Incentive Scheme claims. The effect of this contingent liability will only be determined based on the outcome of the court hearing. A date for the court hearing is still to be set.

Towards the end of 2004 Hulamin terminated a contract with Sahara Aluminium Works ("Sahara"), a toll processor of the Company's coated scrap. Sahara has claimed that there existed a long-term constructive contract with Hulamin which require a ten-year notice period to be given before this contract could be terminated. Sahara has thus claimed R17.8 million from Hulamin, largely in respect of the loss of profits that Sahara would have earned over ten years, arising from the early termination of the purported constructive contract. A liability has not been raised for this amount as there is only a remote possibility that Sahara will succeed in its claim.

	<b>2006</b>	<b>2005</b>	<b>2004</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
		<b>as restated</b>	<b>as restated</b>

### 35. DETAILS OF INVESTMENT IN ASSOCIATES AND SUBSIDIARIES

#### 35.1 Investment in shares

Note: Except where otherwise indicated effective participation is 100%. All the investments are unlisted.

##### Associates

Richards and Barlow (Pty) Limited (45%)	1	1	1
Almin Metal Industries Limited (49%)	–	–	2 555
Bemo Systems (Pty) Limited (25%)	–	–	–
	<b>1</b>	<b>1</b>	<b>2 556</b>

Almin Metal Industries operates under severe long term restrictions on the transfer of funds to the company. As the above associates are not material, information in respect of assets, liabilities and net income has not been disclosed.

##### Subsidiaries

Hulett Aluminium Rolled Products (Pty) Ltd	1	1	1
Aluminium City (Pty) Limited *	–	–	–
Hulett Aluminium Foil (Pty) Limited *	–	–	–
Hulett-Hydro Extrusions (Pty) Limited (70%)	69 074	69 074	69 074
	<b>69 075</b>	<b>69 075</b>	<b>69 075</b>

\* Aluminium City (Pty) Limited shares at cost are R300 and have been rounded to nil.

\* Hulett Aluminium Foil (Pty) Limited shares at cost are R100 and have been rounded to nil.

#### 35.2 Indebtedness

##### Subsidiaries

Hulett Aluminium Rolled Products (Pty) Limited	(1)	(1)	(1)
Aluminium City (Pty) Limited	(3 438)	(3 280)	(3 144)
Hulett-Hydro Extrusions (Pty) Limited	135 985	104 425	109 589
The Aluminium City Partnership	62 671	35 714	25 398
	<b>195 217</b>	<b>136 858</b>	<b>131 842</b>

Hulamin provides the funding requirements of the subsidiaries. Interest is charged at market related rates. No fixed repayment terms have been set.

	<b>2006</b>	<b>2005</b>	<b>2004</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>36. SHARE OF NET PROFITS/(LOSSES) OF SUBSIDIARIES AND ASSOCIATES.</b>			
Profit/(Loss) after tax for year			
<b>Subsidiary</b>			
Hulett-Hydro Extrusions (Pty) Limited	16 177	19 410	25 494
The Aluminium City Partnership	(106)	(2 320)	(720)
	16 071	17 090	24 774
<b>Associates</b>			
Bemo Systems (Pty) Limited	(310)	-	-
Richards & Barlow (Pty) Limited	-	-	-
	(310)	-	-

### 37. HOLDING COMPANY

The Tongaat-Hulett Group Limited holds 50% of the Company's shares with Anglo South Africa Capital (Pty) Limited 20% and the other 30% held by The Industrial Development Corporation. The Hulamin Joint Venture (the joint venture) is a partnership between The Tongaat-Hulett Group Limited, Anglo Operations Limited and The Industrial Development Corporation with their ultimate interest in the joint venture being the same as in Hulett Aluminium (Pty) Limited. The ultimate parent of the Group is Anglo American Plc as The Tongaat-Hulett Group Limited, Anglo Operations Limited and Anglo South Africa Capital (Pty) Limited are its subsidiaries.

### 38. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

The following events occurred in the post-balance sheet period up to and including the date the financial statements were approved.

#### Settlement and Subscription

The Company has settled the loan owed to The Hulamin Joint Venture, of R396 million and the partners in The Hulamin Joint Venture have subscribed for shares in the company for an equal amount.

The Company has also fully repaid the loan from HypoVereinsbank.

#### Unbundling and Listing of the Company

In order to facilitate the announced unbundling by The Tongaat-Hulett Group of its interests in Hulett Aluminium (Pty) Limited, and the listing of the ordinary shares of the Company on the Johannesburg Stock Exchange, the company has:

Changed its name to Hulamin Limited, converted to a public company, and has adopted appropriately revised articles of association.

The authorised share capital has been increased by 12 million shares of R1.00 each.

The authorised share capital of 24 million shares of R1.00 each has been divided into 240 million shares of 10 cents each, and the issued share capital of 11,1 million shares of R1.00 each has been divided into 111 million shares of 10 cents each.

The unissued shares have been placed under the control of the directors and it has been agreed that prior to the unbundling the Company will issue additional capitalisation shares to the existing beneficial shareholders in the ratio of their current holdings, out of share premium. The number of shares to be issued would be sufficient to ensure that the number of the Company's shares held by The Tongaat-Hulett Group equal the number of that Company's shares in issue.

There were no other material events after the balance sheet date.

### **39. TRANSITION TO IFRS**

The Group's financial statements for the year ended 31 December 2005 were the first annual financial statements prepared in terms of IFRS. The Group applied IFRS1 in preparing these financial statements. The Group's IFRS adoption date was 1 January 2005 and the date of transition to IFRS was 1 January 2004.

The opening balance sheet at 1 January 2004 has been restated to retrospectively reflect all IFRS standards applicable at 31 December 2005, other than where certain available exemptions and exceptions to the retrospective application principle have been utilised.

#### **First-time elections in terms of IFRS transitional provisions**

All exemptions allowed in IFRS have been considered and the Group has applied the following:

##### **(i) Business Combinations**

The Group elected not to apply IFRS 3 (Business Combinations) for those business combinations that occurred before 1 April 2004.

##### **(ii) Share-Based Payments**

The Group elected not to apply IFRS 2 (Share-Based Payments) to equity instruments granted on or before 7 November 2002 or to equity instruments granted after 7 November 2002 but which had vested before 1 January 2005.

#### **Reclassifications**

The classification of items in the financial statements was re-examined during the transition from South African GAAP to IFRS. The following re-classifications were made on transition date of 1 January 2004:

##### **Intangible Assets**

The adoption of IAS 38 (Revised) resulted in software costs of R12 832 000 that were previously capitalised to property, plant and equipment now being disclosed as an intangible asset. These software costs continue to be amortised over their estimated useful life. This adjustment did not affect opening retained earnings at 1 January 2004.

##### **Property, Plant and Equipment**

The subsidiary company Hulett-Hydro Extrusions (Pty) Limited previously carried dies at a base cost and charged all additions to the category of plant and equipment to profit and loss in the period incurred as this closely reflected the average usage of these dies. The cumulative amounts written-off, less an estimate for disposals, amounted to R9 754 000 and was reinstated to the cost and accumulated depreciation of dies included in property, plant and equipment. This adjustment did not affect opening retained earnings at 1 January 2004.

##### **Minority Interests in Subsidiaries**

In terms of IAS 1 (Revised) (Presentation of financial statements), minority interests in subsidiaries has been reclassified as a component of equity on the face of the balance sheet. This was previously classified under liabilities in the balance sheet.

##### **Share-Based Payments**

The adoption of IFRS 2 (Share-Based Payment) resulted in the Group recognising a Share-Based Payment charge of R2 250 000 for the year ended 31 December 2004. Retained earnings at 1 January 2004 have been reduced by R807 000 reflecting the Share-Based Payment charge incurred in prior years.

	<b>R'000</b>	<b>R'000</b>
	<b>Year ended</b>	<b>IFRS</b>
	<b>31 December</b>	<b>transition</b>
	<b>2004</b>	<b>date</b>
		<b>1 January</b>
		<b>2004</b>
<b>39. TRANSITION TO IFRS (continued)</b>		
<b>Reconciliation of previous SA GAAP to IFRS:</b>		
<b>Balance sheet</b>		
<b>Reconciliation of equity:</b>		
As previously reported – SA GAAP	2 403 220	2 366 918
Share-based payment		
Effect of changes on income statement:		
Current period	(2 250)	(807)
Prior periods	(807)	–
<b>Equity holders' interest</b>	<b>2 400 163</b>	<b>2 366 111</b>
Minority interests in subsidiaries previously reported separately from equity	22 884	12 185
Minority share of share-based payments	(56)	(13)
	22 828	12 172
<b>Restated under IFRS</b>	<b>2 422 991</b>	<b>2 378 283</b>
<b>Property, plant and equipment</b>		
Cost as previously reported	4 452 948	4 381 056
Dies		
Current period	9 462	9 754
Prior periods	9 754	–
Intangible assets		
Current period	(5 482)	(12 832)
Prior periods	(12 832)	–
<b>Restated under IFRS</b>	<b>4 453 850</b>	<b>4 377 978</b>
Accumulated depreciation as previously reported	518 472	406 518
Dies		
Current period	9 462	9 754
Prior periods	9 754	–
Intangible assets		
Current period	(708)	(1 400)
Prior periods	(1 400)	–
<b>Restated under IFRS</b>	<b>535 580</b>	<b>414 872</b>
<b>Intangible assets</b>		
Cost as previously reported	–	–
Current period	5 482	12 832
Prior periods	12 832	–
<b>Restated under IFRS</b>	<b>18 314</b>	<b>12 832</b>
<b>Accumulated depreciation as previously reported</b>		
Current period	708	1 400
Prior periods	1 400	–
<b>Restated under IFRS</b>	<b>2 108</b>	<b>1 400</b>
<b>Short-term borrowings</b>		
Balance as previously reported	593 527	354 435
Current period	2 293	820
Prior periods	820	–
<b>Restated under IFRS</b>	<b>596 640</b>	<b>355 255</b>
<b>Reconciliation of net profit</b>		
Net profit as previously reported – SA GAAP	41 192	55 488
Effect of transition to IFRS		
Recognition of share-based payments as an expense	(2 250)	(807)
<b>Restated under IFRS</b>	<b>38 942</b>	<b>54 681</b>



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## INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION

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“The Directors  
Hulamin Limited  
PO Box 74  
Pietermaritzburg  
3200

Dear Sirs

### **Independent Reporting Accountants' report on the Historical Financial Information of Hulamin Limited (“Hulamin”)**

#### **Introduction**

The Hulamin Business was historically conducted within Hulett Aluminium (Pty) Limited and Hulamin Joint Venture under the control of the same parties. The owners of the Hulamin Business have merged their interests in the Hulamin Business with effect from 31 December 2006 into Hulett Aluminium (Pty) Limited. In addition, the company was converted to a public company with effect from 1 April 2007 and has changed its name from Hulett Aluminium (Pty) Limited to Hulamin Limited. The board of directors of Hulamin has resolved to apply for a listing of Hulamin's ordinary shares on the main board of the JSE Limited (“JSE”).

We have audited the financial information of Hulamin presented in Annexure 1 of the pre-listing statement of Hulamin to be dated on or about 3 May 2007 (“the pre-listing statement”), which comprise the balance sheets as at 31 December 2006, 2005 and 2004 and the income statements, statements of changes in equity and cash flow statements for the three years then ended, and a summary of significant accounting policies and other explanatory notes.

At your request and for purposes of the pre-listing statement, we present our report on the financial information of Hulamin presented in Annexure 1 to the pre-listing statement in compliance with the JSE Listings Requirements.

#### **Directors' responsibility for the historical financial information**

The directors of Hulamin are responsible for the preparation of the pre-listing statement and all the information contained therein, including the preparation and fair presentation of the financial information to which this reporting accountants report relates in accordance with International Financial Reporting Standards and in the manner required by the JSE Listings Requirements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Reporting accountants' responsibility**

Our responsibility is to express an opinion on the financial information presented in the Report of Historical Financial Information, included as Annexure 1 to the pre-listing statement based on our audit. We conducted our work in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial information is 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 the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 management as well as evaluating the overall presentation of the financial information.

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 information of Hulamin, presented in Annexure 1 of the pre-listing statement, presents fairly, in all material respects, the financial position of Hulamin as of 31 December 2006, 2005 and 2004, and of its financial performance and its cash flows for the three years then ended in accordance with International Financial Reporting Standards and the JSE Listings Requirements.

### **PricewaterhouseCoopers Inc**

**Director: H Ramsumer**

*Registered Auditor*

102 Essenwood Road

Berea, Durban 4001

3 May 2007"

## UNAUDITED *PRO FORMA* FINANCIAL INFORMATION

The unaudited *pro forma* financial information is the responsibility of the directors' of Hulamin and is prepared for illustrative purposes only. Due to their nature the unaudited *pro forma* financial effects may not fairly present Hulamin's financial position or results of operations.

This unaudited *pro forma* financial information is presented for the corporate activity pursuant to Hulamin's unbundling from The Tongaat-Hulett Group and its subsequent listing, being the collapse of the Joint Venture, the revised funding, the capitalisation award and the current share incentive scheme, as well as the introduction of broad-based BEE ("corporate activity").

The unaudited *pro forma* financial information for the year ended 31 December 2006 is set out below:

### **Pro Forma Balance Sheet as at 31 December 2006**

The *pro forma* balance sheet has been prepared on the assumption that the corporate activity as defined above had been implemented on 31 December 2006.

Note reference	Unadjusted Audited Group 2006 R'000	Collapse of Joint Venture R'000	Revised funding R'000	Capital- isation award R'000	Current share incentive scheme R'000	Adjusted <i>pro forma</i> before BEE R'000	Intro- duction of BEE R'000	MSOP/ ESOP R'000	Adjusted <i>pro forma</i> Group 2006 R'000
	1	2	3	4	5	6	7	8	9
<b>ASSETS</b>									
<b>Non-current assets</b>									
Property, plant and equipment	3 939 255					3 939 255			3 939 255
Intangible assets	23 212					23 212			23 212
Investments in associates	1 765					1 765			1 765
	3 964 232					3 964 232			3 964 232
<b>Current assets</b>									
Inventories	988 978					988 978			988 978
Trade and other receivables	1 050 353					1 050 353			1 050 353
Cash and cash equivalents	63 526					63 526	40 000		103 526
Derivative financial instruments	67 980					67 980			67 980
	2 170 837					2 170 837	40 000		2 210 837
<b>Total assets</b>	6 135 069	-	-	-	-	6 135 069	40 000	-	6 175 069

	Unadjusted Audited Group 2006	Collapse of Joint Venture	Revised funding	Capital- isation award	Current share incentive scheme	Adjusted pro forma before BEE	Intro- duction of BEE	MSOP/ ESOP	Adjusted pro forma Group 2006	
Note reference	R'000 1	R'000 2	R'000 3	R'000 4	R'000 5	R'000 6	R'000 7	R'000 8	R'000 9	
<b>EQUITY</b>										
Share capital	11 100			10 200		21 300	2 500	1 100	24 900	
Share premium	581 787	396 320		(10 200)		967 907		111 730	1 079 637	
Consolidated shares BEE reserve	10	-				-	(2 500)	(112 830)	(115 330)	
Share-based payment reserve							151 686		151 686	
Hedging reserve	7 749						40 000		40 000	
Distributable reserves	2 311 682				(3 709)	2 307 973	(151 686)		2 156 287	
Realised capital surpluses	293					293			293	
Retained earnings	2 311 389				(3 709)	2 307 680	(151 686)		2 155 994	
<b>Equity holders' interest</b>	2 912 318	396 320			(3 709)	3 304 929	40 000		3 344 929	
Minority interests	38 433					38 433			38 433	
<b>Total equity</b>	2 950 751	396 320	-	-	(3 709)	3 343 362	40 000	-	3 383 362	
<b>LIABILITIES</b>										
<b>Non-current liabilities</b>										
Borrowings	2 829		653 171			656 000			656 000	
Deferred income tax liabilities	899 815					899 815		32 721	932 536	
Retirement benefit obligations	98 632					98 632			98 632	
	1 001 276		653 171			1 654 447		32 721	1 687 168	
<b>Current liabilities</b>										
Trade and other payables	932 278				5 224	937 502			937 502	
Borrowings	814 525		(653 171)			161 354			161 354	
Hulamin Joint Venture	396 320	(396 320)				-			-	
Derivative financial liabilities	34 549					34 549			34 549	
Income tax liability	5 370				(1 515)	3 855		(32 721)	(28 866)	
	2 183 042	(396 320)	(653 171)		3 709	1 137 260		(32 721)	1 104 539	
<b>Total liabilities</b>	3 184 318	(396 320)	-	-	3 709	2 791 707		-	2 791 707	
<b>Total equity and liabilities</b>	6 135 069	-	-	-	-	6 135 069	40 000	-	6 175 069	
Net asset value per share (cents)	11	2 624	357	-	(1 427)	(2)	1 552	18	-	1 570
Net tangible asset value per share (cents)	11	2 603	357	-	(1 417)	(2)	1 541	18	-	1 559

**Pro Forma Income Statement  
for the year ended 31 December 2006**

The *pro forma* income statement has been prepared on the assumption that the corporate activity defined above had been implemented on 1 January 2006.

Note reference	Unadjusted Audited Group 2006 R'000 1	Collapse of Joint Venture R'000 2	Revised funding R'000 3	Capital- isation award R'000 4	Current share incentive scheme R'000 5	Adjusted <i>pro forma</i> before BEE R'000 6	Intro- duction of BEE R'000 7	MSOP/ ESOP R'000 8	Adjusted <i>pro forma</i> Group 2006 R'000 9
<b>Revenue</b>	5 476 140					5 476 140			5 476 140
Cost of sales	(4 694 789)					(4 694 789)			(4 694 789)
<b>Gross profit</b>	781 351					781 351			781 351
Other operating income	341					341			341
Selling and marketing expenses	(260 891)					(260 891)			(260 891)
Administrative expenses	(98 374)					(98 374)			(98 374)
Other expenses	-				(5 224)	(5 224)	(151 686)	(12 105)	(169 015)
<b>Operating profit</b>	422 427				(5 224)	417 203	(151 686)	(12 105)	253 412
Share of associate company's loss	(310)					(310)			(310)
Finance costs	(222 119)		154 955			(67 164)			(67 164)
<b>Profit before income tax</b>	199 998	-	154 955	-	(5 224)	349 729	(151 686)	(12 105)	185 938
Income tax	11 379	(73 076)	(44 937)		1 515	(105 119)		3 510	(101 609)
<b>Net profit for the year</b>	211 377	(73 076)	110 018	-	(3 709)	244 610	(151 686)	(8 595)	84 329
<b>Attributable to:</b>									
Equity holders of the Company	204 072	(73 076)	110 018	-	(3 709)	237 305	(151 686)	(8 595)	77 024
Minority interest	7 305					7 305			7 305
	211 377	(73 076)	110 018	-	(3 709)	244 610	(151 686)	(8 595)	84 329
Ordinary shares (‘000)	<b>13</b>								
- Issue	111 000	1		102 000		213 001			213 001
- Weighted average number of shares	100 060	1		102 000		202 061			202 061
- Diluted average number of shares	100 060	1		102 000	2 142	204 203		2 708	206 911
Basic earnings per share (cents)	204	(73)	110	(122)	(2)	117	(75)	(4)	38
Diluted earnings per share (cents)	204	(73)	110	(122)	(3)	116	(74)	(5)	37
Headline earnings per share (cents)	204	(73)	110	(122)	(2)	117	(75)	(4)	38
Diluted headline earnings per share (cents)	204	(73)	110	(122)	(3)	116	(74)	(5)	37

**Notes:**

1. Extracted from the audited Hulammin Group Financials for the year ended 31 December 2006.
2. In terms of the previous Group structure, a company and joint venture were in place (refer to paragraph 2.1.2). On collapse of this structure certain adjustments were required to the capital structure of Hulammin. In addition, any tax liability or charge arising from the profits generated by The Hulammin Joint Venture was previously passed to the Joint Venture partners as they were liable for the taxation. This adjustment of R73 076 000 further reflects the continuing tax charge that would have been incurred had Hulammin Limited been liable for the tax due.
3. In order to facilitate the listing of the Company, the Group has restructured its debt. On 29 December 2006, the convertible loan was settled and the financial institution subscribed for shares in Hulammin, which were subsequently allocated to the shareholders in terms of the original loan agreement. Total interest costs recorded in 2006 in respect of the convertible loan amounted to R154 955 000, consisting of interest for the period 1 January 2006 to 31 December 2006 of R72 866 000 and a final settlement payment of R82 089 000. This interest is directly related to the restructuring of the debt and consequently has been adjusted with a continuing effect.  

As part of the process of listing alternative and additional funding facilities have been sought. These new funding arrangements will result in a change in the mix between short-term and long-term borrowings. The anticipated change in mix is reflected.
4. Reflects the effects of the capitalisation of shares to be issued as set out in paragraph 6.3.
5. An accelerated charge will be incurred on the current THG employee share scheme due to partial early vesting pursuant to the unbundling and the proportion of this charge which relates to Hulammin employees has been included here. Refer to Annexure 9 for more details.
6. The Adjusted *pro forma* before BEE has been included to present the position before the BEE transaction. This enables a more direct comparison between the Pre-listing statement and the TH circular submitted together with this document.
7. Refer to paragraph 3 for more details on the broad-based BEE initiative.  

Introduction of a broad-based BEE initiative which results in a once-off cost of R151 686 000 derived using option pricing methodology, based on the derived subscription price. The eventual IFRS 2 cost will also include an amount (positive or negative) that is dependent upon the difference between the derived subscription price, based on the 30-day VWAP at the last practicable date, and the derived share price on the date of the general meeting. This latter amount can therefore not be definitively calculated at the last practicable date and is not included in the R151 686 000 IFRS 2 cost disclosed above. Based on a VWAP and spot price on the last practicable date of R127.88 and R137 this incremental amount would be R13 753 000. This charge would have an EPS effect of -7 cents per share.
8. Refer to Annexure 9.3 for more details on the MSOP/ESOP initiative.  

The IFRS 2 cost of the ESOP and MSOP will be amortised over the five-year vesting period of the ESOP and MSOP. An after-tax cost of R8 595 000 is projected in the first year of the ESOP and MSOP, representing one-fifth of the IFRS 2 cost of the ESOP and MSOP shares allocated to individuals at the outset of the BEE transaction. A portion of the shares are not allocated to individuals at the outset. Assuming all the shares had been allocated at the outset the total annual charge would have been R16 021 910 after tax, implying a total 'full allocated' pre-tax cost of R112 830 350 over the five-year vesting period.
9. Represents the Hulammin *pro forma* Balance Sheet and Income Statement for the year ended 31 December 2006.
10. Consolidated shares represent the B class ordinary shares issued to the ESOP and MSOP Share Trusts (refer to Annexure 9.3) and the A class ordinary shares issued to the BEE SPV (refer to paragraph 3).
11. The net asset value per share calculation is based on the net equity value as reflected on the balance sheet, before minority interests. The value calculated therefore represents the net asset value attributable to ordinary shareholders.
12. A tax rate of 29% has been assumed.
13. Refer to paragraph 6.3 for more details on shares in issue, including the share split.

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## INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE UNAUDITED *PRO FORMA* FINANCIAL INFORMATION

---

"The Directors  
Hulamin Limited  
PO Box 74  
Pietermaritzburg  
3200

Dear Sirs

### **Independent Reporting Accountants' assurance report on the Unaudited *Pro Forma* Balance Sheet and Income Statement of Hulamin Limited ("Hulamin")**

The board of directors of Hulamin has resolved to apply for a listing on the main board of the JSE Limited ("the proposed listing").

We have performed our limited assurance engagement in respect of the unaudited *pro forma* balance sheet and income statement of Hulamin ("the *pro forma* financial information") set out in Annexure 3 of the pre-listing statement of Hulamin, to be dated on or about 3 May 2007 ("the pre-listing statement"). The unaudited *pro forma* financial information has been prepared in accordance with the requirements of the JSE Limited ("JSE") Listings Requirements, for illustrative purposes only, to provide information about how the transactions pursuant to Hulamin's unbundling from The Tongaat Hulett Group, and its subsequent listing might have affected the reported historical financial information presented, had the corporate action been undertaken at the commencement of the period or at the date of the *pro forma* balance sheet being reported on.

### **Directors' responsibility**

The directors are responsible for the compilation, contents and presentation of the *pro forma* financial information contained in the pre-listing statement and for the financial information from which it has been prepared. Their responsibility includes determining that: the *pro forma* financial information has been properly compiled on the basis stated; the basis is consistent with the accounting policies of Hulamin; and the *pro forma* adjustments are appropriate for the purposes of the *pro forma* financial information disclosed in terms of the JSE Listings Requirements.

### **Reporting accountants' responsibility**

Our responsibility is to express our limited assurance conclusion on the *pro forma* financial information included in the pre-listing statement. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements applicable to *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the *Guide on Pro Forma Financial Information* issued by The South African Institute of Chartered Accountants.

This standard requires us to obtain sufficient appropriate evidence on which to base our conclusion.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the *pro forma* financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

### **Sources of information and work performed**

Our procedures consisted primarily of comparing the unadjusted financial information with the source documents, considering the *pro forma* adjustments in light of the accounting policies of Hulamin, considering the evidence supporting the *pro forma* adjustments and discussing the adjusted *pro forma* financial information with the directors and management of the company, in respect of the corporate action that is the subject of this pre-listing statement.

In arriving at our conclusion, we have relied upon financial information prepared by the directors and management of Hulamin and other information from various public, financial and industry sources.

While our work performed has involved an analysis of the historical audited financial information and other information provided to us, our assurance engagement does not constitute an audit or review of any of the

underlying financial information conducted in accordance with *International Standards on Auditing or International Standards on Review Engagements* and accordingly, we do not express an audit or review opinion.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

### **Conclusion**

Based on our examination of the evidence obtained, nothing has come to our attention, which causes us to believe that:

- the *pro forma* financial information has not been properly compiled on the basis stated,
- such basis is inconsistent with the accounting policies of Hulamini, and
- the adjustments are not appropriate for the purposes of the *pro forma* financial information as disclosed in terms of the section 8.17 and 8.30 of the JSE Listings Requirements.

Yours faithfully

**P G McCrystal**  
**Director: Transaction Services**  
**PricewaterhouseCoopers Advisory Services (Proprietary) Limited**  
2 Eglin Road  
Sunninghill, 2157

3 May 2007"



## SCHEDULE OF MATERIAL IMMOVABLE PROPERTY OWNED OR LEASED BY HULAMIN AND ITS SUBSIDIARIES

Details of the principal immovable property owned by Hulammin and/or its subsidiaries is set out below:

Owner	Situation	Area/Extent
1. Hulett Aluminium	Edendale Site, Moses Mabhida Road, Erf 9663, Pietermaritzburg	27,1561 hectares
2. Hulett Aluminium	Soccer Field, Moses Mabhida Road, Erf 20 of Lot 3083, Pietermaritzburg	1,7682 hectares
3. Hulett Aluminium	Camps Drift site, Bayford Road, Erf 3948, Pietermaritzburg	78,0503 hectares
4. Hulett Aluminium	Camps Drift site, Bayford Road, Erf 3947, Pietermaritzburg	2,9997 hectares
5. Hulett Aluminium	5 Birmingham Road, Erf 1620, Pietermaritzburg	1,2191 hectares
6. Hulett Aluminium	32 Shortts Retreat Road, Pietermaritzburg, Erf Portion 494 (of 441) of the Farm Shortts Retreat No 1208, Pietermaritzburg	1,5000 hectares
7. Hulett-Hydro Extrusions	115 Industria Road, Olifantsfontein, Midrand Erf 574, Clayville Erf 1625, Clayville Erf 113, Clayville Erf 114, Clayville Erf 121, Clayville Erf 122, Clayville Erf 1269, Clayville	3,2414 hectares* 0,9964 hectares 0,4097 hectares 0,1734 hectares 0,4096 hectares 0,4096 hectares 2,0120 hectares
8. Hulett-Hydro Extrusions	25 Bertie Avenue, Epping Erf 104786, Epping, Cape Town	1,8801 hectares

\* Owner: THG (transfer to HHE in progress).

Details of the properties leased by Hulammin and its subsidiaries are set out below:

Lessor	Lessee	Current rental	Unexpired term	Location
9. Metropolitan Life Limited	Hulett Aluminium	R19 074.84 p.m. (excl. VAT)	1 March 2007 to 29 February 2008 (12 months)	Pellmeadow Office Park Essexwold Ext 1 60 Civin Drive Bedfordview
10. Jigman (Proprietary) Limited	Hulett Aluminium	R8 800 p.m. (excl. VAT) R9 680 p.m. (excl. VAT)	1 March 2007 to 30 September 2007 1 October 2007 to 30 September 2008 (19 months)	Unit No. 2, Erf 1622 Montague Drive Montague Gardens Industrial Township Milnerton
11. No lease agreement in place. Rent on a month-to-month basis from Magtron Investments CC	Hulett Aluminium/ Hulett Containers	R11 463.90 p.m. (excl. VAT)	Indefinite	5 Energy Road Electron Johannesburg
12. Squirewood Investments 28 (Proprietary) Limited	Hulett Aluminium	Total rental R820 800 (incl. VAT) paid for the 24 month lease period	1 March 2007 to 30 April 2008 (14 months)	Unit 3, 6 Shortts Retreat Road, Mkondeni Pietermaritzburg
13. Lot 3207, Pmb (Proprietary) Limited	Hulett Aluminium	R10 164 p.m. (excl. VAT)	1 March 2007 to 31 July 2007 (17 months)	Lot 3207, situated at corner Palframan and Newport Roads, Masons Mill, Pietermaritzburg
14. Ithala Development Finance Corporation Limited	Aluminium City (Proprietary) Limited	R12 107 p.m. (excl. VAT)	1 March 2007 to 30 November 2008 (21 months)	Unit 5, Eagle Industrial Park, Alton, Richards Bay
15. Millennium Trust	Aluminium City (Proprietary) Limited	R14 441 p.m. (excl. VAT)	1 March 2007 to 30 April 2008 (14 months)	74 Albert Street, Industria, George
16. Roncity (Proprietary) Limited	Aluminium City (Proprietary) Limited	R90 600 p.m. (excl. VAT)	1 April 2007 to 31 March 2012 (60 months)	Corner Whitworth and Repens Roads, Heriotdale Johannesburg
17. Industrial Zone Limited	Aluminium City (Proprietary) Limited	R1 124 p.m. (excl. VAT)	Indefinite Parking lot	Corner Whitworth and Repens Roads, Heriotdale Johannesburg

<b>Lessor</b>	<b>Lessee</b>	<b>Current rental</b>	<b>Unexpired term</b>	<b>Location</b>
18. PJH Property Holdings (Proprietary) Limited	Aluminium City (Proprietary) Limited	R32 154 p.m. (excl. VAT)	1 March 2007 to 31 December 2008 (22 months)	3 Cowie Street, Sidwell Port Elizabeth
19. Glenfairprop (Proprietary) Limited	Aluminium City (Proprietary) Limited	R104 457 p.m. (excl. VAT)	1 March 2007 to 31 May 2007 (3 months)	Louis Glassmen Road Paarden Eiland Cape Town
20. Bentov Properties (Proprietary) Limited	Aluminium City (Proprietary) Limited	R65 318 p.m. (excl. VAT)	1 March 07 to 31 December 2009 (34 months)	348 North Coast Road Durban
21. Albatross Trust	Aluminium City (Proprietary) Limited	R14 850 p.m. (excl. VAT)	1 March 2007 to 30 June 2007 (4 months)	16 Thirteenth Street Voorspoed East Welkom
22. Dunash Properties CC	Aluminium City (Proprietary) Limited	R13 000 p.m. (excl. VAT)	1 March 2007 to 31 December 2009 (34 months)	31 Magnolia Street, Braelyn East London
23. Vexma Properties 251 CC	Aluminium City (Proprietary) Limited	R56 628 p.m. (excl. VAT)	1 April 2007 to 31 March 2012 (60 months)	Unit 1, 11 Travertine Crescent, Briardene Durban
24. Greenfields Trust	Aluminium City (Proprietary) Limited	R14 637 p.m. (excl. VAT)	1 April 2007 to 31 March 2012 (60 months)	19 Fritz Stockenstrom Street Bloemfontein
25. Amber Mountain Investments (Proprietary) Limited	Aluminium City (Proprietary) Limited	R20 000 p.m. (incl. VAT)	1 March 2007 to 31 December 2009 (34 months)	13 Arklow Estates Bryanston Ext 7 Sandton

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## CORPORATE GOVERNANCE AND KING CODE

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### 1. INTRODUCTION

Hulamin is committed to high standards of corporate governance. The Company endeavours to comply with the principles incorporated in the King Code of Corporate Practices and Conduct as contained in the King II report, and has adopted high standards of accountability, transparency and integrity in the running of the business and reporting to shareholders and other stakeholders. All policies and procedures are to be reviewed by the new board pursuant to the unbundling.

The key features of Hulamin's approach to corporate governance are set out below. In addition, special attention will be given to:

- providing all stakeholders and the financial investment community with clear, concise and timely information about the Company's operations and results;
- ensuring appropriate business and financial risk management;
- ensuring that no employee may deal, directly or indirectly, in Hulamin ordinary shares on the basis of unpublished price-sensitive information regarding the business;
- ensuring that no director, or management official who participates in the Hulamin share incentive scheme, trades in Hulamin ordinary shares during restricted periods determined by the board; and
- acknowledging the Company's social responsibility and providing assistance and development support to the communities in which it operates, and to deserving institutions at large.

### 2. BOARD OF DIRECTORS

Hulamin's unitary board will include a majority of non-executive directors.

The non-executive directors bring to the board a range of additional and complementary skills and unfettered independent views, aimed at ensuring that the interests of all the Company's shareholders, suppliers, customers and employees are fully and effectively managed.

The executive directors, together with the executive management committee, will be responsible for developing business strategies for recommendation to the board of directors, and for implementing strategies and policies approved by the Board. They will be responsible for the day to day management of the Company's operations.

The primary responsibility of the board includes the setting of the Company's strategic direction, review and approval of business plans, budgets and policies. It retains full and effective control over the organisation on all material matters with delegated responsibilities clearly and comprehensively documented. The board will monitor the activities of the executive management committee and ensure that the Company operates ethically and conforms to the highest standards of corporate governance. It will also ensure that the internal controls, both operational and financial, are adequate and that through effective internal controls the financial accounts accurately and objectively reflect the Company's business.

The board will be chaired by a non-executive chairman who will not be the chief executive officer. There are clear divisions of responsibilities between the chairman and chief executive officer.

The board will meet at least four times annually and more frequently if required. The company secretary will provide the board with advice and services and will ensure that the required statutory procedures and applicable rules and regulations are followed.

The terms of office and rights of shareholders to appoint directors are set out in Annexure 7 to this pre-listing statement.

### 3. EXECUTIVE MANAGEMENT COMMITTEE

The executive management committee will be chaired by the chief executive officer.

The executive management committee will be mandated, empowered and held accountable for developing and implementing the strategies, business plans and policies as approved by the board, managing and monitoring the business affairs of the Company in accordance with the approved plans and budgets, prioritising the allocation of capital and other resources and establishing best management and operating practices.

The executive management committee will also be responsible for structured and transparent management succession planning and the identification, development and advancement of the Company's future leaders. Also within the executive management committee's ambit is the setting of operational standards, codes of conduct and corporate ethics.

#### **4. BOARD COMMITTEES**

The board will have an audit and compliance committee, and a remuneration and nomination committee. These committees will be fully mandated by the board as to their membership, scope of authority, responsibilities and duties.

These committees will be chaired by non-executive directors and will be comprised of a majority of non-executive directors.

##### **4.1 Audit and Compliance Committee**

The audit and compliance committee will consist of a majority of non-executive directors. The Company's financial director and internal and external auditors will attend all the audit and compliance committee meetings and have unrestricted access to the chairman of this committee. The audit and compliance committee in turn will communicate freely with the chairman of the board, who will not be a serving member of the audit and compliance committee.

The committee's responsibilities will include:

- 4.1.1. to consider the appointment and retention of the external auditor(s) and any questions of resignation or dismissal of the auditor(s);
- 4.1.2 to discuss with the external auditor(s) before the audit commences the auditor(s) engagement letter, the nature and scope of the audit engagement, the audit fee, and to ensure co-ordination where more than one audit firm is involved and maintenance of a professional relationship;
- 4.1.3 to examine the interim and annual financial statements, the accompanying reports to shareholders, the preliminary announcement of results and any other announcement regarding the Company's results or other financial information to be made public, before submission to the board;
- 4.1.4 to review the internal audit function's compliance with the plans and objectives as approved by the committee;
- 4.1.5 to review the effectiveness of the Company's systems of internal control, including internal financial control and computerised information systems' control and security;
- 4.1.6 to consider the appointment, dismissal or re-assignment of the head of the internal audit function;
- 4.1.7 to review the adequacy of corrective action taken in response to significant internal audit findings, arising from internal audits or special investigations;
- 4.1.8 to consider and review the appointment of internal audit service providers and to monitor all non-audit services provided by the independent external auditors;
- 4.1.9 to review any statement on ethical standards for the Company.

To perform these functions, the audit and compliance committee will meet half-yearly, or more frequently if required.

##### **4.2 Remuneration and Nomination Committee**

- 4.2.1 The remuneration and nomination committee will have a clearly defined mandate from the board aimed at:
  - 4.2.1.1 ensuring alignment of the remuneration strategy and policy with Hulam's business strategy, desired culture, shareholders' interests and commercial well-being;
  - 4.2.1.2 determining remuneration packages needed to attract, retain and motivate high performing executives without paying more than is necessary for this purpose;
  - 4.2.1.3 ensuring that remuneration levels relative to other comparable companies are pitched at the desired level taking relative performance into account;

- 4.2.1.4 ensuring adequacy of retirement and health care funding for senior executives
  - 4.2.1.5 communicating remuneration policies, and strategic goals and objectives to all stakeholders;
  - 4.2.1.6 identifying candidates and making recommendations for the appointment of directors.
- 4.2.2 The remuneration and nomination committee shall on behalf of the board of directors:
- 4.2.2.1 review remuneration levels of senior executives;
  - 4.2.2.2 review performance-based incentive schemes, and the related performance criteria and measurements, including share option allocations;
  - 4.2.2.3 review fees payable to non-executive directors (as a separate process from executive remuneration reviews) for confirmation of the board.
- 4.2.3 The committee shall review its terms of reference annually.

In discharging its responsibilities, this committee will consult within the Company and draw extensively on external surveys and independent advice and information.

To perform these functions the remuneration committee will meet half yearly or more frequently if required.

## **5. RISK MANAGEMENT**

The total process of risk management, which includes the related systems of internal control, is the responsibility of the board. Management is accountable to the board for designing, implementing and monitoring an integrated process of risk management into the daily activities of Hulamin.

The board will through the Audit and Compliance Committee, ensure that management implements appropriate risk management processes and controls.

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## EXTRACTS FROM THE ARTICLES OF ASSOCIATION OF HULAMIN

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### RIGHTS ATTACHING TO SHARES

6. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied with the consent in writing of the holders of not less than three fourths of the issued shares of that class or with the sanction of a resolution passed at a separate general meeting of the holders of the shares of the class, and the provisions of Section 199 of the Act shall *mutatis mutandis* apply to the said resolution and meeting as if the resolution were a special resolution. To every such separate general meeting the provisions of these articles relating to general meetings shall *mutatis mutandis* apply but so that the necessary quorum, shall be two persons present or represented by proxy and holding at least one third of all the issued shares of the class, or, if the Company has only one member holding shares of that class, that member in person or represented by proxy. This Article does not curtail the power of the Company to vary the rights attached to any share which has not been issued.
49. Subject to any rights or restrictions for the time being attached to any class or classes of preference shares, on a show of hands every member present in person or by proxy or being a corporate body represented at the meeting, shall have one vote, and on a poll every member present in person or by proxy shall be entitled to exercise the voting rights determined by Section 195 of the Act.

### DIRECTORS

56. The number of directors shall be not less than four. If at any time the minimum number of directors is reduced below four, the continuing directors may act only to fill any vacancies or to summon a general meeting for that purpose.
57. The remuneration of the directors shall from time to time be determined by the Company in general meeting. The remuneration determined by the Company in general meeting shall be divided amongst the directors in such proportions as they may agree, or in default of such agreement, equally, save that if any director has not held office for the whole of the period in respect of which the remuneration has been determined, his share shall be reduced proportionately.
58. If a director is required to perform extra services or to go or reside outside the Republic of South Africa or otherwise perform services which in the opinion of the disinterested quorum of directors are outside the scope of the ordinary duties of the director, he or she may be paid such extra remuneration or allowances in addition to or in substitution of the remuneration to which he or she may be entitled as a director and may be fixed by a disinterested quorum of the directors.
59. The directors shall be paid all their travelling expenses and other expenses properly and necessarily incurred by them in and about the business of the Company.
60. A director shall not be required to hold any qualifying shares.

### ALTERNATE DIRECTORS

61. Each director shall have the power to nominate with the approval of the board, any person whether he is a member or not, to act as alternate director in his place during his absence or inability to act as such director and on such appointment being made, the alternate director shall, in all respects, be subject to the terms, qualifications and conditions existing with reference to the other directors of the Company. A director whilst also acting as an alternate director, shall at any meeting of directors be entitled to two votes.
62. The alternate directors, whilst acting in the stead of the directors who appointed them, shall exercise and discharge all the powers, duties and functions of the directors they represent. The appointment of an alternate director shall be revoked, and the alternate director shall cease to hold office, whenever the director who appointed him ceases to be a director or gives notice to the secretary of the Company that the alternate director representing him has ceased to do so.

## **POWERS AND DUTIES OF DIRECTORS**

63. The management and control of any business of the Company shall be vested in the directors who in addition to the powers and authorities by these Articles expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done by the Company, and are not by these Articles or by the Act expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to such management and control not being inconsistent with these Articles nor with any resolution passed by the Company in general meeting; but so that no such resolution shall invalidate any prior act of the directors which would have been valid if such resolution had not been passed. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the directors by any other Article.
64. The directors may pay all expenses incurred in promoting and incorporating the Company.
65. A director may himself act, or any firm of which he is a member may act, in professional capacity (other than auditor) for the Company, or any other company in which the Company is interested, and he or his firm shall be entitled to remuneration for those professional services as may be fixed by a disinterested quorum of directors.
66. A director may be employed by or hold any office of profit under the Company or under any subsidiary or holding company in conjunction with the office of director, other than that of auditor of the Company or of any subsidiary Company, and any remuneration paid to him shall be in addition to any director's fees paid by the Company, provided that such remuneration is fixed by a disinterested quorum of directors.

## **BORROWING POWERS**

67. (a) Subject to any regulations made by the Company in general meeting to restrict the borrowing powers, the directors may borrow from time to time for the purposes of the Company or to secure the payment of such funds as they think fit.
- (b) The borrowing powers of subsidiaries of the Company shall be subject to such limitations imposed by the directors.

## **EXECUTIVE DIRECTORS**

68. The directors may from time to time appoint:
- (a) a managing director and other executive directors of the Company; and
  - (b) any director to any executive office with the Company or as a director or employee of a company controlled by or which is a subsidiary of the Company,
- as the directors shall think fit and may from time to time remove or dismiss such persons from office and appoint another or others in his or their place or places.
69. The term of office of a director appointed as managing director or to any other executive office in terms of Article 68 shall be fixed by a disinterested quorum of directors.
70. Any director appointed in terms of Article 68:
- (a) shall not (subject to the provisions of the contract under which he or she is appointed) whilst he or she continues to hold that position or office, be subject to retirement by rotation;
  - (b) shall not, during the currency of such appointment, be taken into account in determining the rotation of retirement of directors; and
  - (c) shall be subject to the same provisions as to removal as the other directors of the Company and, if he or she ceases to hold office as a director, his or her appointment to such position or executive office shall *ipso facto* terminate without prejudice to any claims for damages which may accrue to him or her as a result of such termination
71. Only a minority of the directors may be so appointed on the basis that they shall not be subject to retirement by rotation.
72. The remuneration of a managing director or of any other director appointed to an executive office or otherwise in terms of Article 68:
- (a) shall be determined by a disinterested quorum of the directors;
  - (b) shall be in addition to or in substitution of any ordinary remuneration as a director of the Company, as the directors may determine; and
  - (c) may consist of a salary or a commission on profits or dividends or both, as the directors may direct.

73. The directors may:
- (a) from time to time confer upon a director appointed to any position or executive office in terms of Article 68 any or all powers exercisable under the Articles by the directors;
  - (b) confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they think expedient;
  - (c) confer such powers with or to the exclusion of or in substitution for any powers of the directors; and
  - (d) from time to time revoke, withdraw or vary such powers.

#### **DISQUALIFICATION OF DIRECTORS**

76. The office of director shall be vacated if the director:
- (a) ceases to be a director or becomes prohibited from being a director by virtue of any provision of the Act; or
  - (b) resigns his office by notice in writing to the Company.

#### **RETIREMENT OF DIRECTORS IN ROTATION**

77. Subject to Article 70 all the directors shall retire at the first annual general meeting and at every annual general meeting thereafter one-third of the directors for the time being or if their number is not a multiple of three, then the number nearest to but not less than one-third shall retire from office.
78. The directors so to retire shall be those who have been longest in office since their last election, but in the case of persons who became directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.
79. Notwithstanding anything herein contained, if at the date of any annual general meeting any director shall have held office for a period of three years since his last election or appointment, he shall retire at such meeting either as one of the directors to retire by rotation or additionally thereto.
80. The length of time a director has been in office shall be computed from his last election, appointment or date upon which he was deemed re-elected.
81. A director retiring at a meeting shall retain office until the election of directors at that meeting has been completed.
82. Retiring directors shall be eligible for re-election.
83. No person, other than a director retiring at the meeting shall, unless recommended by the directors, be eligible for election to the office of a director at any general meeting unless:
- (a) not more than fourteen, but at least seven, clear days before the day appointed for the meeting, there shall have been delivered at the office of the Company a notice in writing by a member (who may also be the proposed director) duly qualified to be present and vote at the meeting for which such notice is given;
  - (b) such notice sets out the member's intention to propose a specific person for election as director; and
  - (c) notice in writing by the proposed person of his willingness to be elected is attached thereto (except where the proposer is the same person as the proposed).
84. If at any meeting at which an election of directors ought to take place the offices of the retiring directors are not filled, then unless it is expressly resolved not to fill such vacancies, the retiring directors, or such of them as have not had their offices filled, shall be deemed to have been re-elected unless a resolution for the re-election of any such director shall have been put to the meeting and defeated.
85. The Company may from time to time in general meeting increase or reduce the number of directors, provided that the number of directors shall not be less than four.
86. Any casual vacancy occurring on the board of directors may be filled by the directors, but the director so appointed shall retire from office at the next following annual general meeting and shall then be eligible for re-election, but shall not be taken into account in determining which directors are to retire by rotation at such meeting.
87. The appointment of a director, except the appointment of a retiring director re-elected or deemed to have been re-elected at a meeting of the Company, shall lapse and be void if the person so appointed fails to sign the consent to act as a director of the Company referred to in Section 211 of the Act within twenty eight days of being requested by the Company in writing to sign such consent.



## **PROCEEDINGS OF DIRECTORS**

88. The directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings, as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In the event of an equality of votes, the chairman shall have a second or casting vote, unless the members otherwise determine in general meeting, or unless the quorum for a meeting of directors is two and only two directors are present at a meeting. A director may, and the secretary on the requisition of a director shall at any time convene a meeting of directors.
89. The quorum necessary for the transaction of the business of the directors may be fixed by the directors, but shall not be less than the majority of the directors and unless so fixed shall be the majority of the directors. If the quorum is fixed at two, the provisions of the preceding article with regard to the casting vote of the chairman shall apply. If a director is unable to attend a directors meeting in person and if necessary for the purposes of achieving a quorum at the meeting the attendance and participation of such director may if requested by any such director be arranged by telephone conference or video conference linkup or such other electronic made means as may be suitable and available whereby such director is aware of the contributions to the meeting by the other directors and is able to contribute to the meeting without any significant impediment.
90. Subject to the provisions of the Act, a resolution in writing signed, in the Republic of South Africa, by a majority of the directors who also constitute a quorum shall be as valid and effectual as if it had been passed at a meeting of the directors duly convened and held, provided that notice of the resolutions proposed to be signed is given to each director who is in the Republic of South Africa or, if a director is not in the Republic of South Africa such director has given notice in writing to the Company of his contact details. The resolution may consist of several documents in the same form, each of which is signed by one or more directors or by their alternates and shall be deemed (unless a statement to the contrary is made in that resolution) to have been passed on the date on which it was signed by the last signatory.
91. The directors may elect a chairman of their meetings and a deputy chairman and determine the period for which they are to hold office, but if no such chairman or deputy chairman is elected, or if at any meeting neither the chairman nor the deputy chairman is present within five minutes after the time appointed for holding the same, the directors present may elect one of their number to be chairman of the meeting.
92. The directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit. Any committee so formed shall, in the exercise of the powers so delegated, conform to any rules that may be imposed on it by the directors.
93. A committee may elect a chairman of its meetings. If no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the members present may elect one of their number to be chairman of the meeting.
94. A committee may meet and adjourn as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes of the members present, and in the event of an equality of votes the chairman shall not have a second or casting vote.
95. All acts done by any meeting of the directors or a committee of directors or by any person acting as a director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such directors or person acting as aforesaid or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and were qualified to be a director.

## **DIVIDENDS AND RESERVES**

102. Without derogating from the provisions of Article 111, subject to Section 90 of the Act the Company may make payments to its members which are hereinafter referred to as "dividends". The said payments may be made in money or by the delivery of other property.
103. The directors or the Company in general meeting may declare dividends but no dividend declared by the Company in general meeting shall exceed the amount recommended by the directors.
104. The directors may, before declaring or recommending any dividend, set aside out of the profits of the Company such sums as they think fit as a reserve or reserves, which shall, at the discretion of the directors, be applicable for any purpose to which the profits of the Company may be properly applied and, pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the directors may from time to time think fit. The directors may also without placing the same to reserve carry forward any profits which they may think prudent not to divide.

105. Notice of any dividend that may have been declared shall be given in the manner hereinafter provided to the persons entitled to share therein.
106. Dividends shall be payable to members registered as such on a date subsequent to the date of declaration of the dividend or date of confirmation of the dividend, whichever is the later.
107. Not less than fourteen days shall elapse between the date of declaration of a dividend or date of confirmation of the dividend, whichever is the later, and the date upon which the Company's transfer register is closed for the purpose of ascertaining the members entitled to receive payment of the dividend.
108. Every dividend or other moneys payable in cash in respect of shares may be paid by cheque or by electronic bank transfer. If payment is made by cheque the cheque shall either be sent by post to the registered address of the member entitled thereto or be given to him personally, and payment of the cheque shall be a good discharge to the Company in respect thereof. Any one of two or more joint holders may give instructions for payment into a bank by electronic bank transfer and may give effectual receipts for any dividends or other moneys payable in respect of the shares held by them as joint holders.
109. No dividend shall bear interest against the Company and any dividend remaining unclaimed for a period of three years from its declaration may, provided that notice of the declaration has been given to the person entitled thereto by prepaid letter sent to his last registered address, be forfeited by resolution of the directors for the benefit of the Company. Moneys, other than dividends, and unclaimed interest or distributions due to holders of securities must be held in trust by the Company indefinitely until lawfully claimed by the shareholders.
110. The Company shall not be responsible for the loss in transmission of any cheque or other document sent through the post to the registered address of any member, whether or not it was so sent at his request or for the loss or misdirection of any electronic transfer made to the bank account nominated by a member.
111. Payments to shareholders  

In addition to the powers vested in them by Sections 76(3) and 98(4) of the Act the directors may, if so authorised by an ordinary resolution and subject to compliance with the Act and the requirements of the JSE, make payments to its members.

#### **TERMS AND CONDITIONS OF THE A ORDINARY SHARES**

140. For the purposes of Articles 140 and 141 "A Ordinary Shares" means A ordinary shares with a par value of R0.10 (ten cents) each in the share capital of the Company.
141. The A Ordinary Shares shall carry the following rights and be subject to the following conditions:
  - (a) each A Ordinary Share shall confer on the holder thereof, the right on a winding-up of the Company to repayment of the par value of the A Ordinary Share, being R0.10 (ten cents);
  - (b) except as set out in Article 141(a), the A Ordinary Shares shall not be entitled to any participation in the profits of the Company or any distribution of the assets or capital of the Company (including dividends or other payments);
  - (c) the holders of the A Ordinary Shares shall be entitled to receive notice of and be present and vote, either in person or by proxy, at any meeting of the Company;
  - (d) on a show of hands every holder of an A Ordinary Share present in person or by proxy, or being a corporate body represented, at the meeting, shall have one vote, and on a poll every member present in person or by proxy shall be entitled to exercise the voting rights determined by Section 195 of the Act; and
  - (e) the rights, terms and conditions attaching to the A Ordinary Shares shall only be varied or cancelled by means of a special resolution passed by the Company with the consent in writing of the holders of the A Ordinary Shares.

#### **TERMS AND CONDITIONS OF THE B<sub>1</sub> ORDINARY SHARES**

142. For the purposes of Articles 142 to 149:
  - (a) "B<sub>1</sub> Attrition Shares" means B<sub>1</sub> Ordinary Shares which had been allocated, but then ceded and transferred on the occurrence of an event of default in terms of the rules of the Hulamin Employee Share Ownership Scheme;
  - (b) "B<sub>1</sub> Capital Appreciation Period" means the 5 (five) year period commencing on the date of allotment and issue of the B<sub>1</sub> Ordinary Shares and expiring on the 5<sup>th</sup> (fifth) anniversary of such date of allotment and issue, or such shorter period as may be agreed to by the directors;

- (c) “B<sub>1</sub> Ordinary Shares” means B<sub>1</sub> ordinary shares with a par value of R0.10 (ten cents) each in the share capital of the Company;
- (d) “B<sub>1</sub> Repurchase Shares” means the number of the B<sub>1</sub> Ordinary Shares which are eligible to be acquired by the Company in accordance with the formula set out in Article 143;
- (e) “B<sub>1</sub> Remaining Shares” means the B<sub>1</sub> Ordinary Shares which are not B<sub>1</sub> Repurchase Shares; and
- (f) “VWAP” means the volume weighted average trading price of an ordinary share in the Company on the JSE.

143. The Company shall have the right, during the last five days before the expiry of the B<sub>1</sub> Capital Appreciation Period, to acquire by written notice (“B<sub>1</sub> Written Notice”) to that effect to the holder of the B<sub>1</sub> Ordinary Shares and subject to and in terms of the provisions of the Act, such number of the B<sub>1</sub> Ordinary Shares, at an acquisition price of R0.01 per B<sub>1</sub> Ordinary Share, as determined in accordance with the following formula:

$$R = \frac{(P_1 + F - D)}{P_2} \times (B_1 - AS) + AS$$

Where:

- R = number of B<sub>1</sub> Ordinary Shares to be acquired;
- P<sub>1</sub> = VWAP during the 22 JSE trading days preceding the date of the allotment and issue of the B<sub>1</sub> Ordinary Shares;
- P<sub>2</sub> = VWAP during the 22 JSE trading days preceding the date of the B<sub>1</sub> Written Notice;
- F = cumulative annual funding cost imputed to the B<sub>1</sub> Ordinary Shares over the B<sub>1</sub> Capital Appreciation Period, which annual funding cost will be equal to the ordinary dividend per share declared on ordinary shares in the Company in that year;
- D = cumulative amount of all dividends per B<sub>1</sub> Ordinary Shares which were declared but not received in cash by the participants in the Hulamin Employee Share Ownership Scheme over the duration of the B<sub>1</sub> Capital Appreciation Period;
- AS = number of B<sub>1</sub> Attrition Shares;
- B<sub>1</sub> = number of B<sub>1</sub> Ordinary Shares in issue.

144. The holder of the B<sub>1</sub> Ordinary Shares shall not be entitled, before the Company exercises its right in terms of Article 143 and acquires the B<sub>1</sub> Repurchase Shares, to dispose of any of the B<sub>1</sub> Ordinary Shares; provided that if the holder of the B<sub>1</sub> Ordinary Shares is required to do so by virtue of all shareholders, or specific classes of shareholders, being obliged to dispose of their shares, then it may dispose of the B<sub>1</sub> Ordinary Shares in terms of such obligation but only as a collective group of shares (and not individually) to a single acquirer. In order to give effect to the provisions of this Article 144 and as security for the obligations of the holder of the B<sub>1</sub> Ordinary Shares arising from the exercise by the Company of its rights as contemplated in Article 143 the B<sub>1</sub> Ordinary Shares shall be held by the Company in safe custody.

145. To give effect to the provisions of Article 144, the B<sub>1</sub> Ordinary Shares shall be certificated and the share certificates of the B<sub>1</sub> Ordinary Shares shall be held in trust by the secretary of the Company. The certificates of the B<sub>1</sub> Ordinary Shares shall be appropriately endorsed to reflect the existence of the safe custody arrangement.

146. On the Company exercising its right and acquiring the B<sub>1</sub> Repurchase Shares:

- (a) the conditions and restrictions contained in Articles 143 to 145 shall automatically cease to apply to the B<sub>1</sub> Remaining Shares and the B<sub>1</sub> Remaining Shares shall continue to rank *pari passu* in all respects with the other ordinary shares (other than the B<sub>1</sub> Repurchase Shares) in the issued share capital of the Company;
- (b) the B<sub>1</sub> Remaining Shares shall be renamed “ordinary shares”;
- (c) the B<sub>1</sub> Remaining Shares shall automatically be released from safe custody and the share certificates in respect of the B<sub>1</sub> Remaining Shares shall be delivered to the holder of the B<sub>1</sub> Ordinary Shares to enable the B<sub>1</sub> Remaining Shares to become uncertificated; and
- (d) the B<sub>1</sub> Remaining Shares shall be listed on the JSE.

147. If at the time the Company exercises its rights in terms of Article 143, the solvency and liquidity requirements set out in Sections 85(4)(a) and (b) of the Act are not met, the Company shall nevertheless be entitled to acquire the B<sub>1</sub> Repurchase Shares but shall only be obliged to pay the consideration for the B<sub>1</sub> Repurchase Shares as and when the Company can make such payment without contravening the provisions of Section 85(4) of the Act. Until the Company has fully discharged its obligation to the holder of the B<sub>1</sub> Ordinary Shares, the holder of the B<sub>1</sub> Ordinary Shares shall retain the status of a claimant with the rights set out Section 88(3) of the Act.

148. Save as set out in Articles 142 to 145 the B<sub>1</sub> Ordinary Shares shall rank *pari passu* in all respects with the other ordinary shares in the issued share capital of the Company.
149. After expiry of the B<sub>1</sub> Capital Appreciation Period and after all the B<sub>1</sub> Repurchase Shares have been acquired by the Company in accordance with Section 85 of the Act, Articles 142 to 148 shall cease to be of any further force and effect.

#### **TERMS AND CONDITIONS OF THE B<sub>2</sub> ORDINARY SHARES**

150. For the purposes of Articles 150 to 157:
- (a) “B<sub>2</sub> Attrition Shares” means B<sub>2</sub> Ordinary Shares which had been allocated, but then ceded and transferred on the occurrence of an event of default in terms of the rules of the Hulamin Management Share Ownership Scheme;
  - (b) “B<sub>2</sub> Capital Appreciation Period” means the 5 (five) year period commencing on the date of allotment and issue of the B<sub>2</sub> Ordinary Shares and expiring on the 5th (fifth) anniversary of such date of allotment and issue, or such shorter period as may be agreed to by the directors;
  - (c) “B<sub>2</sub> Ordinary Shares” means B<sub>2</sub> ordinary shares with a par value of RO.10 (ten cents) each in the share capital of the Company;
  - (d) “B<sub>2</sub> Repurchase Shares” means the number of the B<sub>2</sub> Ordinary Shares which are eligible to be acquired by the Company in accordance with the formula set out in Article 151;
  - (e) “B<sub>2</sub> Remaining Shares” means the B<sub>2</sub> Ordinary Shares which are not B<sub>2</sub> Repurchase Shares; and
  - (f) “VWAP” means the volume weighted average trading price of an ordinary share in the Company on the JSE.
151. The Company shall have the right, during the last five days before the expiry of the B<sub>2</sub> Capital Appreciation Period, to acquire by written notice (“B<sub>2</sub> Written Notice”) to that effect to the holder of the B<sub>2</sub> Ordinary Shares and subject to and in terms of the provisions of the Act, such number of the B<sub>2</sub> Ordinary Shares, at an acquisition price of RO.01 per B<sub>2</sub> Ordinary Share, as determined in accordance with the following formula:

R<sub>1</sub> equals the greater of:

$$R = \frac{(P_1 \times 80\%) + F - D}{P_2} \times (B_2 - AS) + AS$$

or

$$R = \left( \frac{(P_1 \times 80\%) + F - D}{P_2} + \frac{P_2 - (P_1 \times 161\%)}{P_2} \right) \times (B_2 - AS) + AS$$

Where:

- R<sub>1</sub> = number of B<sub>2</sub> Ordinary Shares to be acquired;
- P<sub>1</sub> = VWAP during the 22 JSE trading days preceding the date of allotment and issue of the B<sub>2</sub> Ordinary Shares;
- P<sub>2</sub> = VWAP during the 22 JSE trading days preceding the date of the B<sub>2</sub> Written Notice;
- AS = number of B<sub>2</sub> Attrition Shares;
- B<sub>2</sub> = number of B<sub>2</sub> Ordinary Shares in issue;
- F = cumulative annual funding cost imputed to the B<sub>2</sub> Ordinary Shares over the B<sub>2</sub> Capital Appreciation Period, which annual funding cost will be equal to the ordinary dividend per share declared on ordinary shares in the Company in that year;
- D = cumulative amount of all dividends per B<sub>2</sub> Ordinary Shares which were declared but not received in cash by the participants in the Hulamin Management Share Ownership Scheme over the duration of the B<sub>2</sub> Capital Appreciation Period.

152. The holder of the B<sub>2</sub> Ordinary Shares shall not be entitled, before the Company exercises its right in terms of Article 151 and acquires the B<sub>2</sub> Repurchase Shares, to dispose of any of the B<sub>2</sub> Ordinary Shares; provided that if the holder of the B<sub>2</sub> Ordinary Shares is required to do so by virtue of all shareholders, or specific classes of shareholders, being obliged to dispose of their shares, then it may dispose of the B<sub>2</sub> Ordinary Shares in terms of such obligation but only as a collective group of shares (and not individually) to a single acquirer. In order to give effect to the provisions of this Article 152 and as security for the obligations of the holder of the B<sub>2</sub> Ordinary Shares arising from the exercise by the Company of its rights as contemplated in Article 151 the B<sub>2</sub> Ordinary Shares shall be held by the Company in safe custody.

153. To give effect to the provisions of Article 152 the B<sub>2</sub> Ordinary Shares shall be certificated and the share certificates of the B<sub>2</sub> Ordinary Shares shall be held in trust by the secretary of the Company. The certificates of the B<sub>2</sub> Ordinary Shares shall be appropriately endorsed to reflect the existence of the safe custody arrangement.
154. On the Company exercising its right and acquiring the B<sub>2</sub> Repurchase Shares:
- the conditions and restrictions contained in Articles 151 to 153 shall automatically cease to apply to the B<sub>2</sub> Remaining Shares and the B<sub>2</sub> Remaining Shares shall continue to rank *pari passu* in all respects with the other ordinary shares (other than the B<sub>2</sub> Repurchase Shares) in the issued share capital of the Company;
  - the B<sub>2</sub> Remaining Shares shall be renamed “ordinary shares”;
  - the B<sub>2</sub> Remaining Shares shall automatically be released from safe custody and the share certificates in respect of the B<sub>2</sub> Remaining Shares shall be delivered to the holder of the B<sub>2</sub> Ordinary Shares to enable the B<sub>2</sub> Remaining Shares to become uncertificated; and
  - the B<sub>2</sub> Remaining Shares shall be listed on the JSE.
155. If at the time the Company exercise its rights in terms of Article 151, the solvency and liquidity requirements set out in Sections 85(4)(a) and (b) of the Act are not met, the Company shall nevertheless be entitled to acquire the B<sub>2</sub> Repurchase Shares but shall only be obliged to pay the consideration to the holder of the B<sub>2</sub> Ordinary Shares as and when the Company can make such payment without contravening the provisions of Section 85(4) of the Act. Until the Company has fully discharged its obligation to the holder of the B<sub>2</sub> Ordinary Shares, the holder of the B<sub>2</sub> Ordinary Shares shall retain the status of a claimant with the rights set out Section 88(3) of the Act.
156. Save as set out in Articles 150 to 153, the B<sub>2</sub> Ordinary Shares shall rank *pari passu* in all respects with the other ordinary shares in the issued share capital of the Company.
157. After expiry of the B<sub>2</sub> Capital Appreciation Period and after all the B<sub>2</sub> Repurchase Shares have been acquired by the Company in accordance with Section 85 of the Act, Articles 150 to 156 shall cease to be of any further force and effect.

#### **TERMS AND CONDITIONS OF THE B<sub>3</sub> ORDINARY SHARES**

158. For the purposes of Articles 158 to 165:
- “B<sub>3</sub> Attrition Shares” means B<sub>3</sub> Ordinary Shares which had been allocated, but then ceded and transferred on the occurrence of an event of default in terms of the rules of the Hulamini Management Share Ownership Scheme;
  - “B<sub>3</sub> Capital Appreciation Period” means the 5 (five)-year period commencing on the date of allotment and issue of the B<sub>3</sub> Ordinary Shares and expiring on the 5th (fifth) anniversary of such date of allotment and issue, or such shorter period as may be agreed to by the directors;
  - “B<sub>3</sub> Ordinary Shares” means B<sub>3</sub> ordinary shares with a par value of R0.10 (ten cents) each in the share capital of the Company;
  - “B<sub>3</sub> Repurchase Shares” means the number of the B<sub>3</sub> Ordinary Shares which are eligible to be acquired by the Company in accordance with the formula set out in Article 159;
  - “B<sub>3</sub> Remaining Shares” means the B<sub>3</sub> Ordinary Shares which are not B<sub>3</sub> Repurchase Shares;
  - “VWAP” means the volume weighted average trading price of an ordinary share in the Company on the JSE.
159. The Company shall have the right, during the last five days before the expiry of the B<sub>3</sub> Capital Appreciation Period, to acquire by written notice (“B<sub>3</sub> Written Notice”) to that effect to the holder of the B<sub>3</sub> Ordinary Shares and subject to and in terms of the provisions of the Act, such number of the B<sub>3</sub> Ordinary Shares, at an acquisition price of R0.01 per B<sub>3</sub> Ordinary Share, as determined in accordance with the following formula:

R<sub>2</sub> equals the greater of:

AS; or

$$R = \frac{P_2 - (P_1 \times 161\%) + F - D}{P_2} \times (B_3 - AS) + AS$$

Where

R<sub>2</sub> = number of B<sub>3</sub> Ordinary Shares to be acquired;

P<sub>1</sub> = VWAP during the 22 JSE trading days preceding the date of allotment and issue of the B<sub>3</sub> Ordinary Shares;

- $P_2$  = VWAP during the 22 JSE trading days preceding the date of the B<sub>3</sub> Written Notice;
- F = cumulative annual funding cost imputed to the B<sub>3</sub> Ordinary Shares over the B<sub>3</sub> Capital Appreciation Period, which annual funding cost will be equal to the ordinary dividend per share declared on ordinary shares in the Company in that year;
- D = cumulative amount of all dividends per B<sub>3</sub> Ordinary Shares which were declared but not received in cash by the participants in the Hulam Management Share Ownership Scheme over the duration of the B<sub>3</sub> Capital Appreciation Period;
- AS = number of B<sub>3</sub> Attrition Shares;
- B<sub>3</sub> = number of B<sub>3</sub> Ordinary Shares in issue.

160. The holder of the B<sub>3</sub> Ordinary Shares shall not be entitled, before the Company exercises its right in terms of Article 159 and acquires the B<sub>3</sub> Repurchase Shares, to dispose of any of the B<sub>3</sub> Ordinary Shares; provided that if the holder of the B<sub>3</sub> Ordinary Shares is required to do so by virtue of all shareholders, or specific classes of shareholders, being obliged to dispose of their shares, then it may dispose of the B<sub>3</sub> Ordinary Shares in terms of such obligation but only as a collective group of shares (and not individually) to a single acquirer. In order to give effect to the provisions of this Article 160 and as security for the obligations of the holder of the B<sub>3</sub> Ordinary Shares arising from the exercise by the Company of its rights as contemplated in Article 159 the B<sub>3</sub> Ordinary Shares shall be held by the Company in safe custody.
161. To give effect to the provisions of Article 160, the B<sub>3</sub> Ordinary Shares shall be certificated and the share certificates of the B<sub>3</sub> Ordinary Shares shall be held in trust by the secretary of the Company. The certificates of the B<sub>3</sub> Ordinary Shares shall be appropriately endorsed to reflect the existence of the safe custody arrangement.
162. On the Company exercising its right and acquiring the B<sub>3</sub> Repurchase Shares:
- (a) the conditions and restrictions contained in Articles 159 to 161 shall automatically cease to apply to the B<sub>3</sub> Remaining Shares and the B<sub>3</sub> Remaining Shares shall continue to rank *pari passu* in all respects with the other ordinary shares (other than the B<sub>3</sub> Repurchase Shares) in the issued share capital of the Company;
  - (b) the B<sub>3</sub> Remaining Shares shall be renamed "ordinary shares";
  - (c) the B<sub>3</sub> Remaining Shares shall automatically be released from safe custody and the share certificates in respect of the B<sub>3</sub> Remaining Shares shall be delivered to the holder of the B<sub>3</sub> Ordinary Shares to enable the B<sub>3</sub> Remaining Shares to become uncertificated; and
  - (d) the B<sub>3</sub> Remaining Shares shall be listed on the JSE.
163. If at the time the Company exercise its rights in terms of Article 159, the solvency and liquidity requirements set out in Sections 85(4)(a) and (b) of the Act are not met, the Company shall nevertheless be entitled to acquire the B<sub>3</sub> Repurchase Shares but shall only be obliged to pay the consideration to the holder of the B<sub>3</sub> Ordinary Shares as and when the Company can make such payment without contravening the provisions of Section 85(4) of the Act. Until the Company has fully discharged its obligation to the holder of the B<sub>3</sub> Ordinary Shares, the holder of the B<sub>3</sub> Ordinary Shares shall retain the status of a claimant with the rights set out Section 88(3) of the Act.
164. Save as set out in Articles 158 to 161, the B<sub>3</sub> Ordinary Shares shall rank *pari passu* in all respects with the other ordinary shares in the issued share capital of the Company.
165. After expiry of the B<sub>3</sub> Capital Appreciation Period and after all the B<sub>3</sub> Repurchase Shares have been acquired by the Company in accordance with Section 85 of the Act, Articles 158 to 164 shall cease to be of any further force and effect.

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## INFORMATION ON DIRECTORS

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**Executive Directors****(as at last practicable date)****Alan Fourie (57)***Chief Executive Officer*

Date appointed to the Hulammin board	19 December 1985
Business Address	Moses Mabhida Rd, Pietermaritzburg, 3201
Qualifications	B.Com; B.Compt (Hons); CA(SA); MBA
Occupation	Chief Executive Officer, Hulammin
Nationality	South African
No of years with the company	27
Experience	Alan joined The Tongaat Group in 1979. The Tongaat Group merged with the Hulett Corporation in 1981 to establish THG. Alan became financial manager for Hulammin in 1983, financial director in 1985 and managing director in 2002. He was appointed to the THG board in 2002. He was appointed chief executive officer elect of Hulammin on 12 December 2006 to become chief executive officer at the time of listing of Hulammin
Other Directorships during the last 5 years	None

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**Francis Bromley Bradford (46)***(Alternate Director)*

Date appointed to the Hulammin board	1 August 1997
Business Address	Moses Mabhida Road, Pietermaritzburg, 3201
Qualifications	B.Sc (Eng), GDE, MBA
Occupation	Director, Sheet and Plate Products, Hulammin
Nationality	South African
No of years with the Company	17
Experience	Frank joined THG in 1990, transferring to Hulammin as market manager for packaging products in 1993. He was appointed market director of Hulammin Rolled Products in 1996, and to the Hulammin board in 1997 as an alternate director. In 2002 he assumed the position of director: Sheet & Plate Products
Other Directorships during the last 5 years	None

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**Charles Daniel Hughes (51)***(Alternate Director)*

Date appointed to the Hulammin board	1 October 2003
Business Address	Moses Mabhida Road, Pietermaritzburg, 3201
Qualifications	B.Acc, CA (SA)
Occupation	Former financial director, Hulammin, now chief financial officer
Nationality	South African
No of years with the Company	27
Experience	Charles joined Hulammin in 1979. He has held a number of positions in the financial function of Hulammin. He was appointed financial director of Hulammin in 2003 and appointed to the Hulammin board in October 2003 as an alternate director. In 2003 he was appointed a director of Hulammin Rolled Products, Hulett-Hydro Extrusions and Hulett Aluminium Foil (Proprietary) Limited. Charles was appointed a director of TM Insurance Brokers (Proprietary) Limited in 2004
Other Directorships during the last 5 years	None

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**Richard Gordon Jacob (41)***(Alternate Director)*

Date appointed to the Hulamin board	10 May 2002
Business address	Moses Mabhida Road, Pietermaritzburg, 3201
Qualifications	B.Sc (Eng), MBA
Occupation	Director – Coated Products, Hulamin
Nationality	South African
No. of years with the Company	17
Experience	Richard joined Hulamin in 1990, becoming area manager for Coil Coating Line 1 in 1992, business development manager in 1996, market manager in 1998 and director of Coated Products on the Hulamin board in 2002 as an alternate director. In 2003 he was appointed a director of Hulamin Rolled Products
Other Directorships during the last five years	None

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**Colin James Little (50)***(Alternate Director)*

Date appointed to the Hulamin board	24 July 1998
Business address	Moses Mabhida Road, Pietermaritzburg, 3201
Qualifications	B.Sc (Civil Engineering), Pr Eng, MBA
Occupation	Managing Director, Hulett-Hydro Extrusions (Proprietary) Limited
Nationality	South African
No. of years with the Company	8
Experience	Colin joined THG in 1987, where he held a number of positions in the Group's Consumer Foods division. He was appointed managing director of Hulett-Hydro Extrusions in 1998 and appointed to the Hulamin board in the same year as an alternate director. In 1999 Colin was appointed a director of Almin Metal Industries Limited a Zimbabwean-based extrusion company in which Hulett-Hydro Extrusions has a 49% share
Other directorships during the last five years	None

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**Moses Zamani Mkhize (45)***(Alternate Director)*

Date appointed to the Hulamin board	19 April 2000
Business address	Moses Mabhida Road, Pietermaritzburg, 3201
Qualifications	Higher Diploma (Electrical Engineering), B.Com (Honours)
Occupation	Director
Nationality	South African
No. of years with the Company	24
Experience	Moses joined Hulamin in July 1982. Moses was appointed Hot Mill production manager in 1989 and Foil Mill manager in 1994. In 1997 he became a director of Hulamin Rolled Products and in 2000 an alternate director of Hulamin and a director of Hulett Aluminium Foil (Proprietary) Limited. He was appointed a director of Bemo Systems (Proprietary) Limited in 2006
Other directorships during the last five years	None

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**Thembinkosi Kenneth Mshengu (54)***(Alternate Director)*

Date appointed to the HulamIn board	5 January 1998
Business address	Moses Mabhida Road, Pietermaritzburg, 3201
Qualifications	BA, HDPM, IRD
Occupation	Director, Human Resources
Nationality	South African
No. of years with the Company	17
Experience	Kenneth joined HulamIn in 1990. He has held various positions within HulamIn and THG where he was group training and development manager until 1997. He was appointed human resources director and to the HulamIn board as an alternate director in January 1998  Kenneth is also a director of HulamIn Systems (Proprietary) Limited and of Hulett-Hydro Extrusions since 2001
Other directorships during the last five years	None

**Douglas Froude Timmerman (52)***(Alternate Director)*

Date appointed to the HulamIn board	31 August 1996
Business address	Moses Mabhida Road, Pietermaritzburg, 3201
Qualifications	Mechanical Engineer, T4 Dip, GCC, MDP
Occupation	Operations Director HulamIn
Nationality	South African
No. of years with the Company	28
Experience	Doug joined HulamIn in 1978. In 1994 he was appointed a director of HulamIn Rolled Products He held a number of positions across the operations of HulamIn and was appointed Operations Director in 1996. He was appointed to the HulamIn board in 1996 as an alternate director
Other directorships during the last five years	None

**Non-Executive Directors****(as at last practicable date)****Peter Heinz Staude (53)***(Chairman)*

Date appointed to HulamIn board	27 November 1990
Business address	Amanzimnyama Hill, Tongaat, 4400
Qualifications	B.Sc (Ind Eng)(Hons)(Cum Laude); MBA, Pretoria
Occupation	Chief Executive Officer, The Tongaat-Hulett Group Limited
Nationality	South African
Experience	Peter joined HulamIn in 1978. In 1990 he became managing director of HulamIn Rolled Products, then a subsidiary of HulamIn. He was appointed managing director of HulamIn and Chairman of Hulett-Hydro Extrusions in 1996 and Chairman of African Products (Proprietary) Limited in May 2000. He was appointed to the THG board in 1997 and became chief executive officer in 2002, and Chairman of HulamIn in 2002
Other directorships during the last five years	Current <ul style="list-style-type: none"> <li>• Tongaat-Hulett Sugar Limited</li> <li>• Trade &amp; Investment KZN</li> <li>• Moreland Estates (Proprietary) Limited</li> <li>• Hippo Valley Estates (Proprietary) Limited</li> </ul>

**Philip Michael Baum (52)***(Non-executive Director)*

Date appointed to the HulamIn board 20 November 2003

Business address 44 Main Street, Johannesburg, 2001

Qualifications B.Com LLB, Higher Diploma Tax Law

Occupation Chief Executive of Anglo American's Ferrous Metals and Industries Division and Acting CEO of Anglo American South Africa (AASA)

Nationality South African

Experience Philip has worked in a wide variety of positions in the Anglo American Group, including head of the Small and Medium Enterprise Initiative, Chief Executive of Anglo American Zimbabwe and Chief Operating Officer of Anglo American South Africa ("AASA"). His Directorship's include Anglo Platinum, Kumba Iron Ore, Exxaro Resources, The THG, HulamIn and Samancor Manganese. He was appointed to both The THG board and the HulamIn board in 2003

Other directorships during the last five years

**Current**

- AACMED Holdings (Proprietary) Limited (in voluntary liquidation)
- Anglo American Group Employee Shareholder Nominees Limited
- Anglo American SA Finance Limited
- Anglo Corporate Enterprises (Proprietary) Limited
- Anglo Operations Limited
- Anglo South Africa (Proprietary) Limited
- Anglo South Africa Capital (Proprietary) Limited
- Anglo Ventures (SA) (Proprietary) Limited
- Manakin Investments BV Mbulwa Estate Limited
- Tenon Investment Holdings (Proprietary) Limited
- Amfarms Realisation Company Limited
- Amzim Holdings Limited
- Anglo American Farms Limited
- Business Partners Limited
- JOBCO (Section 21 Company – operating as Business Trust)
- Kumba Iron Ore Limited
- Orient Ocean Holdings Limited
- Samancor Manganese (Proprietary) Limited
- Unki Mines (Pvt) Limited
- Vergelegen Orchards (Proprietary) Limited
- Vergelegen Wine Estate (Proprietary) Limited
- Anglo Platinum Limited and Kumba Resources Limited
- Longboat Limited
- Anglo American Corporation Zimbabwe Limited

**Past:**

- Anglo American Research Laboratories (Proprietary) Limited
- Anglo Operations (Australia) (Proprietary) Limited
- Zimbabwe Alloys Limited
- Anglo American Corporation (Central Africa) Limited
- Zimbabwe Alloys Limited
- Bellatrix Finance Company (Proprietary) Limited and Terra Industries Inc
- Kumba Resources Limited
- Konkola Copper Mines (PVT) Limited
- Highveld Steel and Vanadium Corporation Limited
- Edese Société Anonyme Holdings AG
- Samancor Limited
- Zimbshelf Two Investment Holdings (Proprietary) Limited
- Anglovaal Mining Limited
- Balgo Nominees (Proprietary) Limited
- Buttercup Company Limited
- Consolidated Resources Limited

- Dido Nominees Limited
- Fermain Nominees Limited
- High Ground Investments Limited
- Longmeadow Home Farm Limited
- Mandara Nominees (Proprietary) Limited
- Mondi South Africa Limited
- Perule Investment Holdings (Proprietary) Limited
- Petard Nominees Limited
- Premsab Holdings Limited
- Reatile Investment Holdings (Proprietary) Limited
- Resident Nominees Limited
- Steppe Eagle Limited
- Taurus Nominees Limited
- Tenon Investment Holdings (Proprietary) Limited
- Whorl Investment Holdings (Proprietary) Limited
- Yoch Investment Holdings (Proprietary) Limited
- Zambia Copper Investments Limited
- Zimele Empowerment Initiative Limited

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**Ian Botha (36)**

*(Non-executive Director)*

Date appointed to Hulamin board 17 May 2006

Business address 44 Main Street, Johannesburg, 2001

Qualifications B.Com CA (SA)

Occupation Chief Financial Officer, Anglo American's Ferrous Metals and Industries Division

Nationality South African

Experience Ian joined Anglo American in 1996 and after a short tenure with Lazard (Australia) he re-joined Anglo American in 2001 as Vice President, Corporate Finance. He took up his current position in December 2003. Ian was appointed to The THG board in 2004 and was appointed to the Hulamin board in 2006

Other directorships during the last five years

Current

- Anglo Operations (Australia) (Proprietary) Limited
- Stimela Mining Holdings (Proprietary) Limited,
- Longboat Limited
- Samancor Holdings (Proprietary) Limited
- Samancor Manganese (Proprietary) Limited
- Scaw South Africa (Proprietary) Limited

Past

- Avgold Limited
- Highveld Steel and Vanadium Corporation Limited
- Samancor Limited
- Samancor Manganese (Proprietary) Limited
- Zimbabwe Alloys Limited

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**Vusi Noel Khumalo (44)**

*(Non-executive Director)*

Date appointed to the Hulamin board 4 August 2006

Business address 19 Fredman Drive, Sandown, Sandton, 2196

Qualifications B.Compt (Hons); CA(SA)

Occupation IDC: Senior Account Manager (Corporate Strategy and Portfolio Management)

Nationality South African

Experience Vusi joined the IDC in 1998 as Internal Audit Manager, and in his current position responsible for managing IDC's investment portfolio and equity divestments. He was appointed to the Hulamin board in 2006. Other directorships he holds include Atlantis Forge (Proprietary) Limited and Ernani Investments (Proprietary) Limited

Other directorships during the last five years

None

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**Cedric Michael Langton Savage (68)***(Non-executive Director)*

Date appointed to the Hulamin board 26 July 1988

Business address Amanzimnyama Hill, Tongaat, 4400

Qualifications B.Sc (Mech Eng), MBA, ISMP (Harvard)

Occupation Non-executive Chairman of The Tongaat-Hulett Group Limited and Director of Companies

Nationality South African

Experience Cedric joined the Tongaat Group in 1977 as managing director of Tongaat Foods becoming executive chairman of Toncoro Limited in 1985. He was appointed to The THG board in 1981, serving as chief executive from 1991 to 2000. He was appointed executive chairman in 2000, combining the roles of CEO and chairman until his retirement from executive duties in 2002

Other directorships during the last five years

Current

- Datatec International,
- Datatec Limited
- Nedbank Group Limited
- Nedbank Limited
- Harmony Gold Mining Company Limited
- Village Main Reef Gold Mining Company (1934) Limited
- Denel (Proprietary) Limited

Past

- AECI Limited
- Delta Motor Corporation (Proprietary) Limited
- Boco (Proprietary) Limited
- Tongaat-Hulett Management Services (Proprietary) Limited
- African Rainbow Minerals Gold Limited
- Kumba Resources Limited

**Lesenyego Winston Joseph Matlhape (55)***(Non-executive Director)*

Date appointed to the Hulamin board 20 April 1999

Business address 19 Fredman Drive, Sandown, Sandton, 2196

Qualifications BA.Hons (Psychology); MA – Business & HR, (Indiana, USA); M.Man (Wits); AEP Cum Laude (Unisa); Advanced Management Programme (France) AMP for CE's of Parastatals (Singapore)

Occupation Executive Vice President: Human Resources & Support Services, IDC

Nationality South African

Experience Lesé joined the IDC in 1997 to head up the Human Resources Division. He is a member of the IDC Executive Committee as well as a trustee of the IDC Provident Fund. In 1999 he was appointed to the Hulamin board

Other directorships during the last five years

None

**Murray Hector Munro (41)***(Non-executive Director)*

Date appointed to the Hulamin board 1 August 1997  
 Business address Amanzimnyama Hill, Tongaat, 4400  
 Qualifications B.Com, CA(SA)  
 Occupation Financial Director, The Tongaat-Hulett Group Limited  
 Nationality South African  
 Experience Murray joined THG in 1992. He has held a number of senior financial, commercial, market and general management positions in various operations. In the period 1997 to 2003 he was a market director and then the finance and business process development director at Hulamin. He was appointed to the Hulamin board in 1997 and to The THG board in October 2003

Other directorships during the last five years

## Current

- Tongaat-Hulett Sugar Limited
- TM Insurance Brokers (Proprietary) Limited
- Moreland Estates (Proprietary) Limited
- African Products (Proprietary) Limited
- AHMVest Investments (Proprietary) Limited
- AHM Farm (Proprietary) Limited
- Chiron Properties (Proprietary) Limited
- Swaziland Cotona Cotton Ginning Company
- T H Security (Proprietary) Limited
- The Tongaat Group Limited

## Past

- Aluspan (Proprietary) Limited
- Sellair Nominees (Proprietary) Limited
- Tongaat Mushrooms (Proprietary) Limited

**Steven James Saunders (47)***(Non-executive Alternate Director)*

Date appointed to the Hulamin board 29 March 1996  
 Business address Amanzimnyama Hill, Tongaat, 4400  
 Qualifications BA (Economics), MA (Agric Sc), MBA  
 Occupation Chairman, Tongaat-Hulett Sugar Limited and Moreland Estates (Proprietary) Limited  
 Nationality South African  
 Experience Steven joined THG in 1986, working in various Tongaat-Hulett owned companies, which have subsequently been sold. He was appointed chairman, Tongaat-Hulett Sugar in 1995 and chairman of Moreland Estates in 2000. He was appointed to The THG board in 1991 and to the Hulamin board as an alternate director in 1996

Other directorships during the last five years

## Current

- Chiron Properties (Proprietary) Limited
- Clidet No 488 (Proprietary) Limited
- Tongaat-Hulett Managements Services (Proprietary) Limited
- African Products (Proprietary) Limited
- Cadiz Holdings Limited
- Triangle Limited
- Triangle Sugar Corporation Limited
- Hippo Valley Estates Limited
- Beville Investment Holdings (Proprietary) Limited

## Past

- Anapiron,
- Sociedade de Assistencia A Agricultura e Industria SA
- Baissieres Holdings SA
- T-H Security (Proprietary) Limited
- Sellair Nominees (Proprietary) Limited
- Swaziland Cotona Cotton Ginning Company Limited

**Mosadiwamaretlwa Pearl Zambane (36)***(Non-executive Director)*

Date appointed to the Hulamin board: 4 August 2006  
 Business address 19 Fredman Drive, Sandown, Sandton, 2196  
 Qualifications BA Law, LLB (UCT), HdipTax, Hdip. International Tax (RAU)  
 Occupation Head, Legal Services, IDC  
 Nationality South African  
 Experience Pearl joined Caltex Oil (Proprietary) Limited as a trainee legal advisor in 1993; Bowman Gilfillan Inc as Candidate Attorney in 1995 and was admitted as an attorney in 1996; Real Africa Durolink Investment Bank Limited as Structured Finance Consultant in 1997; South African Airways (Proprietary) Limited as Executive Manager Legal Services in 2001; Stanbic Africa, a division of Standard Bank Limited as Head: Legal Services in 2004 and joined the Industrial Development Corporation of South Africa Limited ("IDC") as Head: Legal Services in 2005 and is a trustee of the IDC Provident Fund. She was appointed a director of Hulamin in 2006

Other directorships during the last five years

Current

- Hernic Ferrochrome (Proprietary) Limited as alternate director
- Incwala Resources (Proprietary) Limited
- Tuelo Women Investment Company (Proprietary) Limited

**Non-executive Directors****(new appointments pursuant to the unbundling)****Mafika Edmund Mkwanazi (53)***(Chairman)*

Business address 3rd Floor, 28 Harrison Street, Johannesburg  
 Qualifications BSc (Mathematics), University of Zululand; BSc (Engineering), University of Natal; Management Development Programme, Wits University; Strategies of Successful Business Management, Wharton Business School  
 Nationality South African  
 Experience 2007 – Current Businessman and Director of Companies;  
 2006 – 2006 Partner, Heidrick & Struggles;  
 2003 – 2006 Chairman, Western Areas Limited, Letseng Diamonds and Orlyfunt Holdings;  
 2000 – 2003 Managing Director, Transnet;  
 1998 – 2000 Deputy Managing Director, Transnet;  
 1996 – 1998 Executive Director, Spoornet;  
 1995 – 1996 CEO, Metro Rail Services;  
 1992 – 1995 Plant Manager: Engine Plant, BMW SA;  
 1989 – 1991 Plant Manager, Bristol Meyers Squibb;  
 1986 – 1989 Unit Manager, SA Breweries

Other directorships during the last five years

Current:

- Nedcor
- Nedbank
- Saatchi and Saatchi
- M S C Logistics
- M S C Southern Africa
- M S C Depots
- Marble Gold
- America Cup Challenge

Past:

- Sesifikile Investment
- Kgorong Investment
- Alliance Air
- Industrial Development Corporation
- Matodzi Resources Limited

**Lungile Constance Cele (54)***(Non-executive Director)*

Business address	Tax Solutions CC, 31 Innes Road, Morningside, Durban, 4001
Qualifications	BCom, University of Fort Hare (1975); Post-Graduate Diploma (Taxation), University of Natal (1988); Executive Leadership Development Programme, Arthur D Little Management Education Institute, Cambridge, Massachusetts (1995); Master of Accountancy, University of Natal (2003)
Nationality	South African
Experience	1989 – Current Chief Executive Officer of Tax Solutions CC; Member Tax Solutions CC; 1989 – 1989 Accountant, University of Natal 1978 – 1988 Accountant, Receiver of Revenue; 1976 – 1977 Management Trainee, Accounting Department, Unilever SA
Other directorships during the last five years	Current: <ul style="list-style-type: none"><li>• Eskom Holdings</li><li>• Three Cities Group</li><li>• Sport-for-All Franchising</li><li>• Ithala Limited</li><li>• Ushaka Management (Chair)</li><li>• Tsogo Sun KZN (Deputy Chair)</li><li>• Member of the Standing Advisory Committee on Company Law</li><li>• Commercial Member of the Tax Court</li></ul>

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**Thabo Patrick Leeuw (44)***(Non-executive Director)*

Business address	Thesele Group, 6 North Road, Dunkeld West, Johannesburg, 2196
Qualifications	BCom (Accounting), University of Zululand (1984); BCompt Honours, UNISA (1992); Advanced Management Diploma (MAP), Wits Business School (1995)
Nationality	South African
Experience	Thabo is Executive Director and founder shareholder of Thesele. Following articles at Deloitte & Touche, he gained senior managerial experience in the beverages, foods and liquid fuels industries in South Africa. He has held financial management positions at Worldwide Africa Investment Holdings, Oceana Fishing, National Sorghum Breweries and Old Mutual Employee Benefits. He joined Cazenove SA in 1998 as a research analyst and in 2002 he became a Director of Cazenove SA. In this capacity, he headed up Cazenove's BEE Advisory desk and played a lead role in a number of Cazenove's large BEE deals. In 2004, Thabo gained Cazenove Group Plc directorship, effectively becoming a partner in the global business
Other directorships during the last five years	Current: <ul style="list-style-type: none"><li>• Sentech</li><li>• Thesele Group</li><li>• Prudential Portfolio Managers (Proprietary) Limited</li><li>• Seartec Investments (Proprietary) Limited</li><li>• Member of the Strategic and Investment Committee of the Eskom Pension and Provident fund</li></ul>

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**Johannes Bhekumuzi Magwaza (64)***(Non-executive Director)*

Business address	Ziningi Holdings PO Box 297, Hyper-by-the-Sea, 4053
Qualifications	BA (Psychology & Soc Anthropology) MA (Ind Rel), Dip. (IR), Dip. (PM)
Nationality	South African
Experience	JB joined THG in 1975, becoming Personnel Director for Hulett Refineries in 1988. He was appointed Personnel Director for Hulamin in 1992 and became an Executive Director on the THG board in 1994. He retired in 2003 but remains on the Board in a non-executive capacity
Other directorships during the last five years	Current: <ul style="list-style-type: none"><li>• Nedbank Limited</li><li>• Dorbyl Limited</li><li>• Rainbow Chickens Limited</li><li>• Ithala Finance Development Corporation</li><li>• KAP International</li><li>• Mutual and Federal</li><li>• Pamodzi Investment Holding</li><li>• Motseng Investment Holding</li><li>• Imbewu Capital Partners</li><li>• Nkunzi Investment Holdings</li><li>• Tongaat-Hulett Sugar</li><li>• Moreland Development</li></ul>

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**Sibusiso Peter-Paul Ngwenya (53)***(Alternate Non-executive Director)*

Business address	Makana Investment Corporation (Pty) Limited PO Box 2537, Bedfordview, 2008
Qualifications	B.Com (Hons)
Nationality	South African
Experience	Following his release from prison as a political prisoner on Robben Island in 1991, Peter-Paul joined Engen and four years later South African Breweries. He resigned in 1997 to join Makana Trust, where he is a founding trustee and former chairman. He then went on to co-found Makana Investment Corporation (Pty) Limited of which he is the current Executive Chairman. Peter-Paul is the treasurer of the Ex-Political Prisoners Committee and formulates its commercial policy. He is also the Chairman of South African Airlink, Heart 104.9 and Igagasi 99.5 radio stations in Cape Town and Durban respectively, Chairman of Sebenza Forwarding and Shipping Consultancy, and deputy chairman of ATE
Other directorships during the last five years	Current: <ul style="list-style-type: none"><li>• Autshumatu Marine (Proprietary) Limited</li><li>• Makana Bid Properties (Proprietary) Limited</li><li>• Makana Investment Limpuma (Proprietary) Limited</li><li>• Makana Investment Northern Cape (Proprietary) Limited</li><li>• Makana Financial Services (Proprietary) Limited</li><li>• Autshumatu Ferries (Proprietary) Limited</li><li>• Makana Investment Free State (Proprietary) Limited</li><li>• Makana Investment Gauteng (Proprietary) Limited</li><li>• Makana Investment KZN (Proprietary) Limited</li><li>• Makana Investment Western Cape (Proprietary) Limited</li><li>• Barpane Investments (Proprietary) Limited</li><li>• Radio Igagasi 99.5 (Proprietary) Limited</li><li>• Sebenza Specialised Logistical Services (Proprietary) Limited</li><li>• Galencia Investments 1056 (Proprietary) Limited</li><li>• Indiza Investments (Proprietary) Limited (Deregistration Final)</li></ul>



- Ingwe Africa Helicopters (Proprietary) Limited
  - Makana Business Solutions (Proprietary) Limited (Final Liquidation)
  - Makana Information and Communication Technology Holdings (Proprietary) Limited
  - Motsamai Media (Proprietary) Limited
  - Odfjell Makana SA (Proprietary) Limited
  - Osprey African Airline Holdings (Proprietary) Limited (Deregistration Final)
  - Pan African Airways (Proprietary) Limited (Deregistration Final)
  - Ship Shape Software (Proprietary) Limited
  - Ulrich Seats (Proprietary) Limited
  - Advanced Technologies and Engineering Company(Proprietary) Limited
  - African Sky Consortium (Proprietary) Limited
  - Cadiz Holdings Limited
  - Ihlobo Investments (Proprietary) Limited
  - Island Television (Proprietary) Limited
  - Makana Aviation (Proprietary) Limited
  - Makana Geosolutions (Proprietary) Limited
  - Makana Investment Corporation (Proprietary) Limited
  - Makana Marine and Projects (Proprietary) Limited
  - Makana Property Corporation (Proprietary) Limited
  - Makana Radio Communication (Proprietary) Limited
  - Makana Special Purpose Vehicle (Proprietary) Limited
  - Makana Telecommunications (Proprietary) Limited
  - Nkululeko Charters (Proprietary) Limited
  - Pan African Airline Investments (Proprietary) Limited (Deregistration Final)
  - Phutuma Networks (Proprietary) Limited
  - Radio Heart 104 9 (Proprietary) Limited
  - S A Airlink (Proprietary) Limited
  - Sebenza Forwarding and Shipping Consultancy (Proprietary) Limited
  - Shanike Investments No 42 (Proprietary) Limited
  - SMS One Promotions (Proprietary) Limited
  - South African Liner Container Services (Proprietary) Limited
  - The Ex Political Prisoners Committee (Section 21)
  - Web-Wire Investments (Proprietary) Limited
  - Makana Logistics (Proprietary) Limited
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## Directors' emoluments

Directors' emoluments paid by Hulammin to directors during the 2006 financial year were as follows:

Director	Fees	Cash package	Bonus and performance-related payments	Retirement and medical contributions	Sub-total 2006 AFS	Share option gains	Total 2006
	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Non-executive</b>							
P M Baum	•70 000				70 000		70 000
I Botha (17/5/06 – 31/12/06)	•46 667				46 667		46 667
C A P Galego (1/1/06 – 4/8/06)	*40 833				40 833		40 833
V N Khumalo (4/8/06 – 31/12/06)	•29 167				29 167		29 167
L W J Matlhape	•70 000				70 000		70 000
J J Mnisi (1/1/06 – 4/8/06)	*40 833				40 833		40 833
M H Munro	•70 000				70 000		70 000
C M L Savage	*70 000				70 000		70 000
P H Staude	•70 000				70 000		70 000
M P Zambane (4/8/06 – 31/12/06)	•29 167				29 167		29 167
<b>Total</b>	536 667	n/a	n/a	n/a	536 667	n/a	536 667
<b>Executive</b>							
A Fourie	•70 000	2 042 712	882 452	234 447	3 229 611	2 407 614	5 637 225
C D Hughes	n/a	1 014 000	424 866	140 172	1 579 038	1 715 717	3 294 755
M Z Mkhize	n/a	1 182 000	485 802	156 132	1 823 934	2 186 752	4 010 686
<b>Sub-total</b>	70 000	4 238 712	1 793 120	530 751	6 632 583	6 310 083	12 942 666
<b>Previous directors **</b>	n/a	5 643 600	2 305 287	775 795	8 724 682	7 029 024	15 753 706
<b>Total</b>	70 000	9 882 312	4 098 407	1 306 546	15 357 265	13 339 107	28 696 372
<b>Grand total</b>					15 893 932	13 339 107	29 233 039

### Notes:

- Directors' fees due to shareholder nominees on the Hulammin board are paid to the employer organisation and not to the nominees.
- \* Directors' fees paid/accrue to the nominee director.
- \*\* This represents the total remuneration for the financial year ended 31 December 2006, paid to Hulammin executive directors who resigned from the Hulammin board subsequent to year-end and prior to the listing of Hulammin.
  - Bonuses are reported to match the amount payable to the applicable financial year.
  - No management, consultant, technical, or other fees are paid for services rendered to either executive or non-executive directors, directly or indirectly.
  - No sums are paid by way of an expense allowance to executive or non-executive directors
  - No other material benefits were received by executive or non executive directors from the Company, other than disclosed in this annexure.
  - No commission, gain or profit sharing arrangements are paid to executives and non-executive directors, other than those disclosed in this annexure.
  - The directors emoluments disclosed in this annexure are all emoluments paid by Hulammin and no Hulammin executive or non-executive directors emoluments were received from the following entities in respect of their duties as Hulammin directors:
    - (i) Hulammin's holding company;
    - (ii) Hulammin's subsidiaries and fellow subsidiaries;
    - (iii) associates of (i) and (ii) above;
    - (iv) joint ventures of Hulammin or of (i) to (iii) above; and
    - (v) entities that provide management or advisory services to Hulammin or any of (i) to (iv) above.

Directors' emoluments to be paid by Hulamini to proposed directors during the 2007 financial year are as follows:

Director	Fees	Cash Package	Bonus and performance related payments	Retirement and medical contributions	Other benefits	Share Option Gains	Total projected for 2007
<b>Non-executive</b>							
**M Mkwanazi	110 000						110 000
P Baum	•95 000						95 000
I Botha	•95 000						95 000
V N Khumalo	•95 000						95 000
**J B Magwaza	55 000						55 000
**T P Leeuw	55 000						55 000
**L Cele	55 000						55 000
P H Staude	•95 000						95 000
**To be filled	55 000						55 000
<b>Sub-total</b>	710 000						710 000
<b>Executive*</b>							
A.Fourie	•40 000	2 226 564	882 452	251 820	0	0	3 400 836
C D Hughes	n/a	1 122 000	424 866	155 172	0	0	1 702 038
M Z Mkhize	n/a	1 273 200	485 802	169 536	0	0	1 928 538
<b>Sub-total</b>	•40 000	4 621 764	1 793 120+	576 528	0	0	7 031 412
<b>Total</b>	750 000	4 621 764	1 793 120	576 528	0	0*	7 741 412

\* The proposed remuneration for executive directors for 2007 includes incentive bonuses payable based on the financial performance of Hulamini for the financial year ended 31 December 2007 but excludes estimated share option gains as these are difficult to project as it is based on director's share dealings during 2007 if any.

+ The 2007 bonus payments have been included as a guideline as these were paid relative to the financial performance of Hulamini in 2006.

• Directors' fees due to shareholder nominees on the Hulamini Board are paid to the employer organisation and not to the nominees. The actual 2007 fees will depend on the period the director served on the board in 2007 prior and post-listing of Hulamini. A six-month period prior and post-listing is assumed

\*\* The actual fees for 2007 will be dependent on the actual period served as a director on the Board of Hulamini. The fees reflected in the schedule are those for a six month period.

- The remuneration packages of executive directors will be reviewed by the Hulamini Remuneration and Nomination Committee after the listing and will be disclosed in the financial statements for the year.

- The proposed directors fees for 2007 for members of committees are as follows, these have not been included in the schedule above as the committees will only be constituted after the listing:

- Audit Committee Chairman:	R70 000
- Audit Committee Non-executives:	R35 000
- Remuneration and Nomination Committee Chairman:	R50 000
- Remuneration and Nomination Committee Non-executives:	R25 000

## Interest of directors of the Company in share-based instruments

At the last practicable date the directors held the following share options:

Director	Option price Rand	Options expiring 10 years from	Number of options at 31 December 2005	Options exercised in 2006	Number of options at 31 December 2006	Options time constrained
<b>Executive</b>						
A Fourie	33.25	4 November 1998	4 000	4 000		
	32.90	5 March 1999	18 000	18 000		
	40.10	7 May 1999	5 200	5 200		
	30.00	19 May 2000	4 000	4 000		
	39.85	12 January 2001	2 400	2 400		
	40.00	16 May 2001	10 000		10 000	
	49.60	13 May 2002	35 000		35 000	
	31.90	14 April 2003	40 000	7 400	32 600	
	47.00	21 April 2004	30 000		30 000	9 000
			148 600	41 000	107 600	9 000
C D Hughes	32.90	5 March 1999	3 000	3 000		
	40.10	7 May 1999	2 000	2 000		
	40.00	16 May 2001	1 750	1 750		
	49.60	13 May 2002	4 000	4 000		
	31.90	14 April 2003	5 000	3 500	1 500	
	34.50	1 October 2003	15 000	10 500	4 500	4 500
	47.00	21 April 2004	16 000	6 400	9 600	4 800
			46 750	31 150	15 600	9 300
M Z Mkhize	32.90	5 March 1999	11 000	11 000		
	40.00	16 May 2001	12 000	12 000		
	49.60	13 May 2002	3 900	3 900		
	31.90	14 April 2003	12 400	8 600	3 800	
	47.00	21 April 2004	11 200	4 400	6 800	3 360
			50 500	39 900	10 600	3 360
<b>Non-executive</b>						
J B Magwaza	30.00	19 May 2000	2 000		2 000	
	39.85	12 January 2001	1 600		1 600	
	40.00	16 May 2001	6 000		6 000	
	49.60	13 May 2001	6 000		6 000	
			15 600		15 600	
P H Staude	33.25	4 November 1998	10 000	10 000		
	32.90	5 March 1999	49 000	49 000		
	40.10	7 May 1999	14 000	14 000		
	30.00	19 May 2000	7 000	7 000		
	39.85	12 January 2001	9 000	9 000		
	40.00	16 May 2001	30 000	20 000	10 000	
	49.60	13 May 2002	65 000		65 000	
	31.90	14 April 2003	30 000		30 000	
	47.00	21 April 2004	28 000		28 000	8 400
			242 000	109 000	133 000	8 400

## Share Appreciation Rights Scheme 2005 (SARS)

	2005 Grant price Rand	Expiring 3 years from	Number of rights at 31 Dec 2005	2006 grant price Rand	Expiring 7 years from	Rights granted in 2006	Number of rights at 31 Dec 2006	Rights time constrained
Executive Director:								
A Fourie	57.58	10 May 2005	37 381	96.09	25 April 2006	23 249	60 630	60 630
C D Hughes	57.58	10 May 2005	14 960	96.09	25 April 2006	11 982	26 942	26 942
M Z Mkhize	57.58	10 May 2005	16 201	96.09	25 April 2006	12 458	28 659	28 659
			68 542			47 689	116 231	116 231
Non-executive Director:								
P H Staude	57.58	10 May 2005	92 810	96.09	25 Apr 2006	62 082	154 892	154 892

## Long-Term Incentive Plan 2005

	2005 Issue price Rand	Expiring 3 years from	Number of condi- tional awards at 31 Dec 2005	2006 Issue price Rand	Expiring 7 years from	Number of condi- tional awards granted 2006	Number of condi- tional awards at 31 Dec 2006	Conditional awards time constrained
Executive Director:								
A Fourie	57.58	10 May 2005	18 528	96.09	25 April 2006	9 909	28 437	28 437
C D Hughes.	57.58	10 May 2005	6 965	96.09	25 April 2006	4 201	11 166	11 166
M Z Mkhize	57.58	10 May 2005	7 543	96.09	25 April 2006	4 343	11 886	11 886
			33 036			18 453	51 489	51 489
Non-executive Director:								
P H Staude	57.58	10 May 2005	50 720	96.09	25 April 2006	26 459	77 179	77 179

## Deferred Bonus Plan 2005

	2005 Issue price Rand	Expiring 3 years from	Number of condi- tional awards at 31 Dec 2005	2006 Issue price Rand	Expiring 3 years from	Number of condi- tional awards granted 2006	Number of condi- tional awards at 31 Dec 2006	Conditional awards time constrained
Executive Director:								
A Fourie	57.76	4 May 2005	3 314	91.86	3 March 2006	2 693	6 007	6 007
Non-executive Director:								
P H Staude	57.76	4 May 2005	10 081	91.86	3 March 2006	7 155	17 236	17 236

## Interest in shares

At the last practicable date, the interests of the directors in the share capital of The Tongaat-Hulett Group were as follows. Pursuant to the unbundling, this will translate into an interest of an equal number of Hulamini ordinary shares. There have been no changes in the directors' interests from 31 December 2006 until the last practicable date.

No other non-executive or executive directors of Hulamini pursuant to the resignations contemplated in 4.2.1 hold any interest in shares.

	Shares beneficial		Shares non-beneficial		Shares Total
	Direct	Shares Indirect	Direct	Shares Indirect	
Executive Director					
A Fourie	11 007	Nil	Nil	Nil	11 007
Non-executive Directors					
J B Magwaza	5 760	Nil	Nil	Nil	5 760
P H Staude	40 085	Nil	Nil	Nil	40 085
	56 852	Nil	Nil	Nil	56 852

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## HULAMIN SHARE INCENTIVE SCHEMES

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**The definitions commencing on page 4 are not applicable to Annexure 9.1 and 9.2. Annexure 9.1 and Annexure 9.2 have their own glossary of terms.**

“Conditional Award”	a conditional right to receive shares granted in terms of the THG LTIP;
“Early Test Date”	31 December 2006;
“Early Vesting Date”	immediately after the THG shareholders meeting;
“Existing Share Schemes”	the current THESIS, SOS, THG SAR, THG LTIP and THG DBP;
“HA”	Hulamin Limited (Registration number 1940/013924/06), a public company with effect from 1 April 2007, duly registered and incorporated with limited liability in accordance with company laws of South Africa, the ordinary shares of which will be listed on the JSE, pursuant to the unbundling;
“HA employer company”	a company in the HA group which employs a participant;
“HA shares”	ordinary shares having a par value of R0.10 (ten cents) each in the issued share capital of HA;
“HEPS”	Headline Earnings Per Share;
“JSE”	the JSE Limited (Registration number 2005/022939/06), a public company duly registered and incorporated with limited liability in accordance with the company laws of South Africa, licensed as an exchange under the Securities Services Act, No. 36 of 2004;
“New Share Incentive Plans”	the new share incentive plans to be adopted by HA, namely the Hulamin Share Appreciation Right Scheme 2007, the Hulamin Long-Term Incentive Plan 2007 and the Hulamin Deferred Bonus Plan 2007;
“Participants”	all permanent employees of HA or any of its subsidiaries;
“ROCE”	Return on Capital Employed;
“Record Date”	April 2006;
“SARs”	share appreciation rights granted in terms of the THG SAR, namely a right to receive shares to the value of the difference between the exercise price and the grant price;
“SOS”	The Tongaat-Hulett Limited Group Share Option Scheme 2001;
“THESIS”	The Tongaat-Hulett Group Limited Employee Share Incentive Scheme 1989;
“THG”	Tongaat-Hulett Group Limited (Registration number 1892/000610/06), a public company duly registered and incorporated with limited liability in accordance with the company laws of South Africa, the ordinary shares of which are listed on the JSE and which is to be renamed Tongaat Hulett Limited subject to, <i>inter alia</i> , the approval of THG shareholders;
“THG DBP”	The Tongaat-Hulett Group Limited Deferred Bonus Plan 2005;
“THG LTIP”	The Tongaat-Hulett Group Limited Long-Term Incentive Plan 2005;
“THG SAR”	The Tongaat-Hulett Group Limited Share Appreciation Rights Scheme 2005;
“THG Shares”	ordinary shares having a par value of R1.00 (one Rand) each in the issued share capital of THG;
“TH”	Tongaat-Hulett Limited (Registration number 1892/000610/06), after the unbundling;

“TH Shares”	Ordinary shares having a par value of R1.00 (one rand) each in the issued share capital of TH;
“TSR”	Total Shareholder Return;
“Unbundling”	the proposed unbundling of HA;
“Unbundling Agreement”	The agreement between HA and TH that <i>inter alia</i> regulates the settlement responsibilities under the Existing Share Schemes;

## 1. INTRODUCTION

### 1.1 Existing Share Schemes

HA's current management share incentive schemes comprise the THESIS, SOS, THG SAR, THG LTIP and THG DBP (collectively referred to as the Existing Share Schemes). With effect from the record date, no awards will be granted to HA employees in terms of the rules of the Existing Share Schemes.

In view of the proposed restructuring and unbundling of HA, the following measures will be taken with regard to the Existing Share Schemes in order to ensure the equitable and fair treatment of THG employees who were participants under the Existing Share Schemes and who remain in employment with THG and those whose employment will transfer to HA as a result of the unbundling.

It was determined that participants under the Existing Share Schemes should be no worse off from an economic value perspective, and their rights should be aligned with those of shareholders. Accordingly, participants will have the choice to either realise vested options and rights prior to unbundling or receive both TH and HA options or rights in place of each of their existing THG options or rights.

The settlement principles and provisions of the Existing Share Schemes are set out in Annexure 9.1 to this pre-listing statement.

### 1.2 New Share Incentive Plans

In line with global best practice, and emerging South African practice, HA has adopted three New Share Incentive Plans, namely a Share Appreciation Right Scheme, a Long Term Incentive Plan and a Deferred Bonus Plan. The rules of the New Share Incentive Plans are substantively the same as the rules of the Existing Share Schemes. The New Share Incentive Plans are in line with practices in FTSE 100 and FTSE 250 companies in the United Kingdom and with several schemes recently adopted for large JSE listed or dual listed companies.

The New Share Incentive Plans will include participation by executive directors and selected senior employees of HA. The purpose of the New Share Incentive Plans is to advance HA's interests and to ensure that HA attracts and retains the core competencies required for formulating and implementing HA's business strategies.

As the primary intent of the New Share Incentive Plans will be to purchase shares in the market to settle the benefits, the New Share Incentive Plans will not be as dilutive as conventional share option schemes. HA will retain the right to issue new HA shares at its election, to mitigate the risk of a spike in its share price, which could expose HA to liquidity risk. The New Share Incentive Plans also support the principle of alignment of management and shareholder interests with performance conditions governing the vesting of the instruments.

HA will be limited to issuing no more than 21 300 000 HA shares (which represents approximately 10% of the number of issued HA shares as at the date on which HA will be listed on the JSE) under the Existing Share Scheme and the New Share Incentive Plans. Notwithstanding the foregoing, HA may, on instruction of its board of directors and its Remuneration and Nomination Committee and as a fallback provision only, pay any HA employee participating in the New Share Incentive Plans an equivalent amount in cash in lieu of any HA shares.

The salient terms, definitions and conditions of the New Share Incentive Plans, are set out in Annexure 9.2 to this pre-listing statement. The full rules for the New Share Incentive Plans are available for inspection.

### 1.3 MSOP and ESOP

MSOP and ESOP schemes will be introduced immediately after the listing as part of the implementation of the BEE equity shareholding in Hulamin. The salient features are set out in Annexure 9.3.

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## **SALIENT FEATURES OF THE OBLIGATIONS ARISING FROM THE EXISTING SHARE SCHEMES**

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1. In order, as far as possible, to place all participants of the Existing Share Schemes in the position they would have been in if they were shareholders of THG at the time of the unbundling, New Share Incentive Plans which are substantively the same as the Existing Share Schemes have been adopted, subject to the provisions highlighted below, which principles are in accordance with the unbundling agreement.
2. The total number of shares in terms of which shares may be offered under the Existing Share Schemes and the New Share Incentive Plans of the order of 10% of the ordinary issued share capital of HA, being 21 300 000 at the date on which HA will be listed on the JSE, or such increased number of shares as may be determined by HA's directors and approved by the JSE and the company's shareholders in general meeting.
3. The provisions of the Existing Share Schemes will be capable of amendment by the board of directors of HA, subject to the prior approval of the JSE, provided that no amendment shall operate in respect of the following matters unless such amendments have received the approval of the company's shareholders in general meeting:
  - the persons who may become beneficiaries under the Existing Share Schemes;
  - the total number and percentage of shares that may be utilised for purposes of the Existing Share Schemes;
  - the fixed maximum percentage entitlement of participation by any one participant;
  - the basis for determining the price at which the scheme shares are acquired by participants and/or the period within or after which payments may be made or called and the conditions to apply on termination of employment or retirement of a participant; and
  - the voting, dividend, transfer and other rights (including those arising on the liquidation of HA) attaching to the HA shares.

#### **4. THE TONGAAT-HULETT GROUP LIMITED EMPLOYEE SHARE INCENTIVE SCHEME**

As at 21 April 2007, 39,000 options awarded to HA Participants under this scheme remained outstanding and all have vested.

Participants of the THESIS who have been granted options in terms of the THESIS and who have not exercised their options at the unbundling date, will exchange each of their existing THG options for a HA option and a TH option. The original strike price of each THG option will be apportioned between the HA option and the TH option, with reference to the volume weighted average prices of the HA and TH shares for the first 22 trading days after the unbundling. This approach will permit participants to participate in the upside of both entities that comprised THG before the unbundling. The lapse dates of both new options will be the same as that of the original THG options. The replacement options will be settled in the manner described in paragraph 9 below.

An agreement will be entered into between HA and TH, to provide for the replacement HA and TH options to HA employees. The HA and TH options will be made available to participants as a result of the grant of the original THG options under the THESIS, and the subsequent exchange of each of the original THG options for an HA and TH option.

#### **5. THE TONGAAT-HULETT GROUP LIMITED 2001 SHARE OPTION SCHEME**

As at 21 April 2007 525,500 options granted to HA Participants were outstanding under this scheme, with 439,220 having vested, and 86,280 remaining unvested.

No accelerated vesting will apply to unvested options.

Participants of the SOS who have been granted options in terms of the SOS and who have not exercised their options at the unbundling date, will exchange each of their existing THG options for a HA option and a TH option. The original strike price of each THG option will be apportioned between the HA option and the TH option, with reference to the weighted average prices of the HA and TH shares for the first 22 trading days after the unbundling. This approach will permit participants to participate in the upside of both entities that comprised THG before the unbundling. The replacement options will be settled in the manner described in paragraph 9 below.



An agreement will be entered into between HA and TH to provide for the replacement HA and TH options to the HA employees. The HA and TH options will be made available to participants as a result of the grant of the original THG options under the SOS, and the subsequent exchange of each of the original THG options for a HA and TH option.

The vesting and lapse dates of both new options will be the same as that of the original THG options.

#### **6. THE TONGAAT-HULETT GROUP LIMITED SHARE APPRECIATION RIGHT SCHEME 2005**

The THG SAR has been in operation since 2005 and all SARs granted to HA Participants from the 2005 grant (321,470 rights) and from the 2006 grant (338,605 rights) are outstanding and are unvested.

SARs granted in terms of the 2005 and 2006 awards are subject to performance conditions, namely that the THG HEPS must increase by the increase in CPI over a three-year performance period plus 6%. The base year for the 2005 grant is the 2004 financial year and the year of assessment is the 2007 financial year. The base year for the 2006 grant is 2005 financial year and the year of assessment is the 2008 financial year.

The HEPS performance to date relative to the HEPS performance condition applicable to the 2005 and 2006 award was tested on the Early Test Date and this performance condition has been fully met in respect of both the 2005 and 2006 award.

Partial accelerated vesting will therefore be permitted on the Early Vesting Date based on full attainment of the performance conditions and vesting of the SARs will be pro-rated with reference to the proportion of the performance period that has been served by participants up to the unbundling date. This *pro rata* portion of the SARs can be exercised from the Early Vesting Date up to a day before the unbundling date. If exercised before the unbundling date, the SARs will not require repricing and will be settled in THG shares.

The portion of the SARs that does not vest early or which has not been exercised by the unbundling date where early *pro rata* vesting was permitted, will be exchanged for replacement SARs over TH and HA shares with adjusted strike prices. Replacement SARs will not be subject to any performance conditions.

The vesting and lapse dates of both new SARs will be the same as that of the original SARs.

#### **7. THE TONGAAT-HULETT GROUP LIMITED LONG-TERM INCENTIVE PLAN 2005**

The THG LTIP has been in operation since 2005 and all the conditional shares granted to HA Participants under the THG LTIP are outstanding and are unvested, i.e. 80 528 from the 2005 grant and 45 105 from the 2006 grant.

In respect of both the 2005 and the 2006 awards, 50% of the award is subject to the TSR condition and 50% is subject to the ROCE condition.

Both the TSR and ROCE performance to date relative to the TSR and ROCE performance condition applicable to the 2005 and 2006 award was tested on the Early Test Date and it is clear from the results achieved that this performance condition has been fully met in respect of both the 2005 and 2006 award.

Partial accelerated vesting will be permitted based on the attainment of the performance conditions and vesting of the conditional awards will be *pro rated* with reference to the proportion of the performance period that has been served by participants up to the unbundling date. This *pro rata* portion of the conditional awards will vest on the Early Vesting Date and be settled in THG shares.

The portion of the conditional awards that does not vest early will be exchanged for replacement conditional awards over one TH and one HA shares for each THG conditional award. The replacement conditional awards will not be subject to new performance conditions and will be subject to the original vesting dates.

#### **8. THE TONGAAT-HULETT GROUP LIMITED DEFERRED BONUS PLAN 2005**

The THG DBP has been in operation since 2005 and a total of 3,314 and 2,693 matching awards were made To HA Participants under the THG DBP in 2005 and 2006 respectively.

The full matching award based on the number of shares pledged in 2005 and 2006, and retained until the Early Vesting Date, vest on the Early Vesting Date and an appropriate number of THG shares will be delivered to each of the participants prior to the unbundling date.

## **9. SETTLEMENT OF EXISTING SHARE SCHEME BENEFITS POST-UNBUNDLING**

The obligation to settle the Existing Share Schemes will be done in accordance with the principles discussed below, which principles are in accordance with the unbundling agreement, namely:

The HA employer companies will be obliged to settle all benefits under the Existing Share Schemes for their own employees using HA shares. The HA employer companies will settle the outstanding share scheme instruments that arise after the award modifications for its own employees, by purchasing HA shares in the market, or issuing HA shares. The benefit for HA instruments will be determined with reference to the HA share price, and the TH instruments with respect to the TH share price, however, benefits arising from TH instruments will be settled using HA shares.

The number of shares delivered will be rounded down to the nearest number of whole shares, and the remaining balance of value can be put through the payroll in cash.

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## SALIENT FEATURES OF THE NEW SHARE INCENTIVE SCHEMES

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### INTRODUCTION

In line with global best practice, and emerging South African practice, the Company has adopted New Share Incentive Plans which are substantially the same as the Existing Share Schemes. The share incentive plans are in line with practice in FTSE 100 and FTSE 250 companies in the UK and with several recently adopted schemes for large JSE listed or dual listed companies.

The Share Appreciation Right Scheme, Long Term Incentive Plan and Deferred Bonus Plan will include participation by executive directors and selected employees of the Group. The purpose of the share incentive plans is to recognise contributions made by selected Employees and to provide for an incentive for their continuing relationship with the Group, by providing them with the opportunity of receiving Shares in the Company, thereby providing Participants with an incentive to advance the Group's interests and to ensure that the Group attracts and retains the core competencies required for formulating and implementing the Group's business strategies.

As the primary intent of the New Share Incentive Plans will be to purchase Shares in the market to settle the benefits, the New Share Incentive Plans will not be as dilutive as conventional share option schemes. The Company will retain the right to issue new Shares at its election to mitigate the risk of a spike in the share price, which could expose the Company to liquidity risk. In any case, the Company will be limited to issuing no more than 21,300,000 shares (which represents approximately 10% (ten) percent of the number of issued ordinary shares) in settlement of the Existing Share Schemes and the New Share Incentive Plans, as at the date on which the Company is listed on the JSE. Notwithstanding the foregoing the Employer Companies may, on instruction of the Directors and the Remuneration and Nomination Committee and as a fallback provision only, pay any Participant an equivalent amount in cash in lieu of any Shares.

The New Share Incentive Plans also support the principle of alignment of management and shareholder interests with Performance Conditions governing the vesting of instruments.

### Glossary of terms

“Articles of Association”	the articles of association of the Company;
“Allocated”	for purposes of setting the scheme limits, one Share is allocated per each HA SAR or HA conditional award or HA matching award granted. Shares will be allocated to the TH SARs or TH Conditional Awards with reference to the probable number of HA shares required to settle the TH awards;
“Bonus Shares”	a number of Shares acquired by a Participant with a portion of the after-tax component of the Participant's annual bonus in terms of the DBP;
“the Board”	the board of Directors of the Company;
“Business Day”	any day on which the JSE is open for the transaction of business;
“Control”	the holding of shares or the aggregate holdings of shares or other securities in a company entitling the holder thereof to exercise, or cause to be exercised, more than the specified percentage (as determined from time to time for the purposes of the Securities Regulation Code on Take-overs and Mergers) of the voting rights at shareholder meetings of the Company irrespective of whether such holding or holdings confers de facto control; or the holding or control by a shareholder or member alone or pursuant to an agreement with other shareholders or members of more than the specified percentage (as determine from time to time for the purpose of the Securities Regulation Code on Take-overs and Mergers) of the voting rights in the company.
“Company”, or “HA”	Hulamin Limited (registration number 1940/013924/06), a public company with effect from 1 April 2007, duly registered and incorporated with limited liability in accordance with company laws of South Africa, the ordinary shares of which will be listed on the JSE pursuant to the unbundling;
“Conditional Award”	a conditional award of Shares granted to an Employee in terms of the HA LTIP;

“Date of Grant”	the date with effect from which the Directors resolve to grant a Share Appreciation Right or Conditional Award to an Employee as is specified in the Letter of Grant;
“Date of Offer”	the date with effect from which the Directors resolve to grant a Matching Award to an Employee as specified in the Offer to Participate;
“DBP Period”	the period starting on the Date of Offer and ending three years after the Date of Offer specified as the Vesting Date in the Offer in terms of the HA DBP;
“Directors”	the board of Directors of the Company from time to time or any committee thereof to whom the powers of the Directors in respect of the Plan are delegated in terms of the Company’s articles of association and the members of which do not hold any executive office within the Group;
“Eligible Employee”	a person eligible for participation in the New Share Incentive Plans namely any person holding full time salaried employment or office (including any executive director) of the Group;
“Employer Company”	a company in the Group which employs an Eligible Employee;
“Escrow Agent”	means the person or entity appointed by the Directors from time to time to hold Bonus Shares in escrow on behalf of Participants;
“Exercise Date”	the date on which a SAR is exercised by a Participant;
“Exercise Price”	the Market Value of a Share on the Business Day immediately preceding the SAR Exercise Date;
“Existing Share Schemes”	The Tongaat-Hulett Group Limited Employee Share Incentive Scheme, the Tongaat-Hulett Group Limited Share Option Scheme 2001, the Tongaat-Hulett Limited Group Share Appreciation Right Scheme 2005, the Tongaat-Hulett Group Limited Long Term Incentive Plan 2005 and the Tongaat-Hulett Limited Group Deferred Bonus Plan 2005;
“Financial Year”	the financial year of the Company which currently runs from 1 January to 31 December each year;
“Grant” or “Granted”	The grant to an Eligible Employee of a SAR in terms of the HA SAR or a Conditional Award in terms of the HA LTIP;
“Grant Price”	the Market Value of the Share on the Business Day immediately preceding the Date of Grant of the SARs;
“Group”	the Company and its subsidiaries;
“HA DBP”	the Hulamin Deferred Bonus Plan 2007;
“HA LTIP”	the Hulamin Long Term Incentive Plan 2007;
“HA SAR”	the Hulamin Share Appreciation Right Scheme 2007;
“JSE”	the JSE Limited (registration number 2005/022939/06), a public company duly registered and incorporated with limited liability in accordance with the company laws of South Africa, licensed as an exchange under the Securities Services Act, No. 36 of 2004;
“Letter of Grant”	a document prepared by the Directors which details the name of the Employee to whom the SARs or Conditional Awards are granted, the number of Shares in respect of which the awards are granted, the Grant Price, Performance Period and any applicable Performance Conditions, Vesting Date and any applicable conditions pertaining thereto;
“Market Value”	in relation to a Share on any particular day, the Volume Weighted Average price of a Share as on that day as quoted on the JSE;
“Matching Award”	an award of Matching Shares made to a Participant under the HA DBP which award is conditional;
“Matching Shares”	shares forming the subject matter of a Matching Award, being equal in value to the Market Value of the Bonus Shares held on the Vesting Date;
“New Share Incentive Plans”	the HA SAR, HA LTIP and HA DBP;

“Offer”	a document prepared by the Directors inviting an Eligible Employee to participate in the HA DBP which details the name of the Employee, the maximum after-tax portion of the bonus to be applied in acquiring the Bonus Shares, the DBP Period, the Vesting Date and any applicable conditions pertaining thereto;
“Participant”	an Employee to whom a Grant/Offer has been made and who has accepted such Grant/Offer and includes the executor of his deceased estate or a family trust;
“Performance Condition”	the condition specified in the Letter of Grant, to which a SAR or Conditional Award is subject, which performance conditions are determined by the Directors;
“Performance Period”	the period in respect of which a Performance Condition is to be satisfied as specified in the Letter of Grant;
“Reconstruction or Takeover”	Any takeover, merger or reconstruction however effected, including a reverse takeover, reorganisation or scheme of arrangement sanctioned by the court, but does not include any event which consists of or is part of an internal reconstruction of the Company or Group which does not involve any change of Control of the Company;
“SAR” or “Share Appreciation Right”	a conditional right to receive Shares in terms of this SAR to the value of the difference between the Exercise Price and the Grant Price of that number of SARs Granted based on the Market Value of the Shares as at the date of the exercise notice;
“SAR Period”	the period starting on the Date of Grant to 0h00 on the day stated in the Letter of Grant as being the date on which the SARs will lapse;
“Settlement”	delivery of the required number of Shares to which a Participant is entitled pursuant to the exercise of a SAR, the vesting of a Conditional Award or the vesting of a Matching Award;
“Settlement Date”	the date on which Settlement shall occur;
“Shares”	ordinary shares of R0.10 (ten cents), or as adjusted, each in the capital of the Company;
“Vesting Date”	the date on which a SAR becomes exercisable on fulfilment of the Performance Conditions; or the date on which a Participant becomes entitled to the Conditional Award due to the fulfilment of Performance Conditions under the HA LTIP; or the date on which the Participant becomes entitled to the Matching Share in terms of the HA DBP.

## **SALIENT FEATURES OF THE HA SAR, HA LTIP AND HA DBP**

### **The HA SAR**

Eligible Employees will receive grants of SARs normally annually, which are conditional rights to receive Shares equal to the value of the difference between the Exercise Price and the Grant Price. Vesting of the SARs is subject to Performance Conditions. The duration and specific nature of the Performance Conditions and Performance Period will be stated in the Letter of Grant and will be determined by the Directors on an annual basis in respect of each new Grant of SARs. Upon exercise by a Participant the relevant Employer Company will settle the value of the difference between the Exercise Price and the Grant Price, by delivering Shares, alternatively, as a fall back provision only, by settling the value in cash. SARs not exercised within the SAR period will lapse.

### **The HA LTIP**

Eligible Employees will receive Grants of Conditional Awards normally annually. The Conditional Award will vest after the Performance Period if, and to the extent that the Performance Conditions have been satisfied. The duration and specifics of the Performance Condition/s and Performance Period will be stated in the Letter of Grant and will be determined by the Directors on an annual basis in respect of each new Grant of Conditional Awards. Upon vesting of the Conditional Award the relevant Employer Company will procure the delivery of Shares to settle the value of the vested portion of the Conditional Award, alternatively, as a fallback provision only, may cash settle the value. The Conditional Awards which do not vest at the end of the Performance Period will lapse.

## **The HA DBP**

Eligible Employees will be permitted to use a portion of the after-tax component of their annual bonus to acquire Bonus Shares. A conditional Matching Award of Shares will be made to the Participant on the condition that the Participant remains in the employ of an Employer Company and retains the Bonus Shares over the DBP Period. The Participant remains the owner of the Bonus Shares for the duration of the DBP period and will enjoy all shareholder rights in respect of the Bonus Shares. Bonus Shares can be withdrawn from escrow at any stage, but the Matching Award is forfeited to the extent of the Bonus Shares withdrawn from escrow during the DBP Period.

## **Eligibility**

Directors and Employees of the Company and any subsidiary and associates of the Company which are designated by the Directors of the Company as an Employer Company are eligible to participate in the New Schemes.

## **Performance conditions**

The grant of SARs and Conditional Awards will be subject to the achievement of specified Performance Conditions. The Performance Condition will be stated in a Letter of Grant, and will be set by the Directors. The HA DBP is not subject to Performance Conditions.

## **Limits**

### Overall Company limit

The aggregate number of Shares which may be allocated under the HA SAR, HA LTIP, HA DBP and Existing Share Schemes shall not exceed 21,300,000 Shares (which represents approximately 10% (ten percent) of the number of issued Shares as at the date on which the Company is listed on the JSE. The limit referred to shall exclude the following:

- Shares allocated to SARs under the Tongaat-Hulett Group Limited SAR and HA SAR which have been exercised or have lapsed without being exercised;
- Shares allocated to Participants under the Tongaat-Hulett Group Limited LTIP and HA LTIP which have vested or have lapsed; and
- Shares allocated to Participants under the Tongaat-Hulett Group DBP and HA DBP which have vested or have lapsed.

The aggregate limit shall further include the actual number of new Shares issued by the Company in Settlement of the HA SAR, HA LTIP and HA DBP and pursuant to the Existing Share Schemes.

### Individual limit

The maximum number of Shares allocated in respect of all unvested SARs granted in terms of the HA SAR, Conditional Awards granted in terms of the HA LTIP and Matching Awards granted in terms of the HA DBP and shares allocated in respect of unvested options in terms of the Existing Share Schemes, shall not exceed the limit determined from time to time by the Directors, which number shall not exceed 1.0% of the issued ordinary share capital of HA as at the date on which the Company is listed on the JSE.

## **Cessation of employment and death**

### *Resignation or dismissal*

If a Participant's employment with an Employer Company terminates by reason of his resignation or dismissal on grounds of misconduct, poor performance or proven dishonesty or fraudulent conduct (whether such cessation occurs as a result of notice given by him or otherwise or where he resigns to avoid dismissal on grounds of misconduct, poor performance or proven dishonesty or fraudulent conduct) before the Vesting Date, all SARs, all Conditional Awards and all Matching Awards will lapse.

### *Retirement*

If, while a SAR remains unexercised or a Conditional Award or Matching Award remains unvested, a Participant retires, the Participant shall be entitled to the same rights and be subject to the same conditions under the HA SAR, the HA LTIP or the HA DBP as if he had continued to be a Participant. The number of Conditional Awards granted in terms of the HA LTIP shall be reduced proportionally on the vesting date to reflect the proportion of the Performance Period served.

### *Death*

If a Participant's employment terminates by reason of his death the executor of his estate may exercise all his SARs within one year of his death irrespective of the extent to which the SARs have vested or the satisfaction of any Performance Condition. A proportion of the Conditional Awards granted in terms of the HA LTIP will vest on the date of death, reflecting the proportion of the Performance Period served. A proportion of the Matching Award granted in terms of the HA DBP will vest on the date of death, reflecting the proportion of the DBP Period served.

### *Retrenchment, ill health, disability or any other circumstances which the Directors may consider appropriate*

If a Participant ceases to be an employee before the end of the Vesting Date by reason of his retrenchment, ill health, disability or for any other circumstances which the Directors may consider appropriate, the Directors may, in its absolute discretion by written notice to the Participant permit a *pro rata* portion of the unvested SARs, unvested Conditional Awards and/or unvested Matching Awards to vest. The *pro rata* portion of the SARs and the Conditional Awards that vest will reflect the proportion of the Performance Period served and the extent to which the Performance Conditions, in the opinion of the Directors, have been satisfied and in the case of the Matching Awards, will be based on the proportion of the DBP Period served and the number of Bonus Shares held at the time of cessation of employment, unless the Directors in their absolute discretion determine otherwise. All of the SARs which had vested on the date of cessation of employment and all of the SARs which will vest in terms of this paragraph shall be exercised within 3 (three) months (or an extended period as permitted by the Directors) of the date of cessation of employment.

### **Reconstruction or Takeover**

In the event that there is a Reconstruction or Takeover that results in a change of Control of the Company before the Vesting Date, the Directors shall by written notice to the Participant deem a *pro rata* portion of the unvested SARs and/or Conditional Awards to vest. The *pro rata* portion of the SARs and Conditional Awards that vest will reflect the proportion of the Performance Period served and the extent to which the Performance Conditions have, in the opinion of the Directors, been met. Settlement shall be made for the vested awards calculated as soon as is practical. The portion of the SARs and Conditional Awards that do not vest early will continue to be subject to the terms of the Letter of Grant relating thereto unless the Directors, in their absolute discretion, determine that the terms of the Letter of Grant relating thereto are no longer appropriate, in which case the Directors can make such adjustment to the number of SARs and Conditional Awards or take such other action as it deems appropriate. The full Matching Award shall vest upon a change of Control.

If there is an internal reconstruction or other event which does not involve a change of Control, and therefore is not a Reconstruction or Takeover resulting in a change of Control, or if any other event happens which may affect Grants or Offers, including the Shares ceasing to be listed on the JSE, the Directors may take such action as they consider appropriate to protect the interests of Participants, including converting SARs, Conditional Awards and/or Matching Awards into equivalent grants in respect of shares in one or more other companies.

### **Variation in share capital**

In the event of a rights issue, capitalisation issue, capital distribution, subdivision of Shares, consolidation of Shares, or any other event affecting the share capital of the Company or in the event of the Company making distributions to shareholders, including a distribution in specie or a payment in terms of section 90 of the Companies Act 61 of 1973 as amended (other than a dividend paid in the ordinary course of business out of the current year's retained earnings) or in terms of a repurchase of shares before the Vesting Date, Participants shall continue to participate in the New Schemes, however the Directors may make such adjustment to the number of SARs, Conditional Awards and Matching Awards as it thinks appropriate.

The Directors shall notify the Participants of any adjustments which are made under this paragraph. Where necessary, in respect of any such adjustments, the Company's auditors, acting as experts and not as arbitrators and whose decision shall be final and binding on all persons affected thereby, shall confirm to the Directors in writing that these are calculated on a reasonable basis.

If the Company is placed into liquidation otherwise than for the purposes of reorganisation, these new Schemes shall ipso facto lapse as from the date of liquidation and any unvested awards which have not yet vested shall ipso facto lapse from the date of liquidation. For the purposes hereof "date of liquidation" shall mean the date upon which any application (whether provisional or final) for the liquidation of the Company which is granted by the relevant court, is lodged at the relevant court.

**Shares to rank *pari passu***

Any Shares available for the New Share Incentive Schemes will rank *pari passu* in all respects with the issued Shares. The Company shall make timeous application for any listing on the JSE of the Shares.

**Amendments to the New Share Incentive Schemes**

Any further amendments to the New Share Incentive Schemes are subject to approval by shareholders in general/annual general meeting to the extent (if any) required in terms of the Listings Requirements and/or compliance with any applicable statute, regulation, rules or Listings Requirements from time to time.

**Trading of shares by New Share Incentive Schemes**

Shares will only be purchased once a Participant or group of Participants to whom they will be allocated, has been formally identified. The shares will only be sold as part of the New Share Incentive Schemes once that Participant has resigned or is deceased or on behalf of the employee once the rights have vested in the employee.

Shares held by any share trust (if a share trust is to be established) will not have their votes at general or annual meetings taken into account for Listing Requirements resolution approval purposes.



## SALIENT FEATURES OF THE MSOP AND ESOP

### Introduction and rationale

Hulamin values its employees as key contributors to both the historic and ongoing performance and success of the Hulamin business. Accordingly, Hulamin will invite all permanent South African based employees up to middle management of whom approximately 90% are black, and all permanent South African black senior and selected Hulamin management to participate in the BEE transaction through the MSOP and the ESOP.

The employee participation was developed with the following overall objectives in mind:

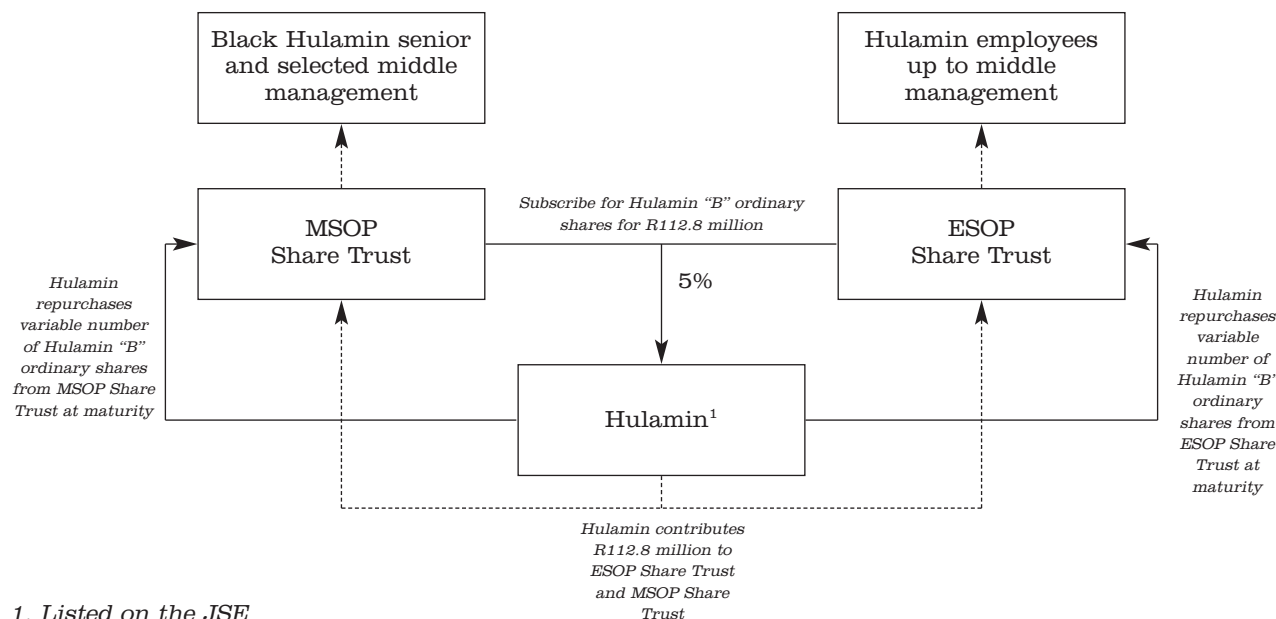
- (i) to retain and attract high calibre black employees at every level of the Hulamin business;
- (ii) to create a sense of ownership amongst the employees and engender an ownership culture within the greater Hulamin workforce; and
- (iii) to distribute a significant proportion of the BEE transaction benefits amongst the widest possible group of beneficiaries who are critical to the sustained success of the Hulamin business.

### Structure and funding

Hulamin will establish the ESOP Share Trust and MSOP Share Trust for the benefit of Hulamin employees. Hulamin and its subsidiaries will contribute to the MSOP Share Trust and the ESOP Share Trust. The exact amount will be determined based on the 22-day VWAP price for 22 trading days after the listing date.

On receipt of this contribution, the ESOP Share Trust will subscribe for Hulamin B<sub>1</sub> ordinary shares and the MSOP Share Trust will subscribe for Hulamin B<sub>2</sub> ordinary shares and Hulamin B<sub>3</sub> ordinary shares. The total cash consideration for the Hulamin “B” ordinary shares is projected to be an amount of R112.8 million and the number of shares subscribed for will represent an effective 5% interest in Hulamin.

The structure of the ESOP and MSOP transaction is set out below:



The above ESOP and MSOP structure will be implemented by way of a series of transactions as outlined below.

### Creation of B ordinary shares

Hulamin will increase its authorised ordinary share capital by creating three classes of B ordinary shares as follows:

- (i) 8 000 000 B<sub>1</sub> ordinary shares;
- (ii) 10 000 000 B<sub>2</sub> ordinary shares; and
- (iii) 3 000 000 B<sub>3</sub> ordinary shares.

Each of these classes of shares have different repurchase rights attached to them as more fully detailed in Annexure 7.

The B ordinary shares will not be listed on the JSE.

Hulamin has applied for and has been granted dispensation from the JSE in order to create the Hulamin “B” ordinary shares and to allow holders of such Hulamin “B” ordinary shares to vote. In terms of this dispensation, the votes attaching to each class of shares in issue in Hulamin will be afforded equal rank and all votes are to be counted collectively. Holders of Hulamin “B” ordinary shares shall not be entitled to any additional votes or veto rights.

The Hulamin “B” ordinary shares will rank *pari passu* with the ordinary shares in all material respects with the following exceptions:

- (i) Hulamin retains the right to repurchase a number of each class of the Hulamin “B” ordinary shares in terms of pre-determined formulae immediately prior to the conversion of these shares into Hulamin ordinary shares (see (ii) below);
- (ii) on the 5th anniversary of the effective date, the Hulamin “B” ordinary shares will be converted into an equal number of ordinary shares, listed on the JSE and ranking *pari passu* in all respects with the existing issued Hulamin ordinary shares; and
- (iii) the Hulamin “B” ordinary shares will not be taken into account for categorisation of transactions in terms of the JSE Listings Requirements.

### **Specific allotment and issue of B ordinary shares for cash to the ESOP Share Trust and the MSOP Share Trust**

Utilising the R112.8 million contributed by Hulamin, the MSOP Share Trust and the ESOP Share Trust will subscribe for a projected number of each class of Hulamin “B” ordinary shares for cash. Both the eventual subscription price and the allotment of shares between the ESOP Share Trust and Hulamin MSOP Share Trust, are dependent upon the eventual subscription price for the Hulamin “B” ordinary shares, which will be based on the 22 day VWAP after the listing of Hulamin.

Based on the total subscription value of R112.8 million, the discount to the derived market value on the last practicable date is currently calculated as [72%] which will be partly recovered through the repurchase of shares.

Application has been made to the JSE to list the ordinary shares which will arise on conversion of the Hulamin “B” ordinary shares to ordinary shares as outlined in paragraph 3.

The financial effects of the Hulamin BEE transaction which incorporates the ESOP and Hulamin MSOP are set out in Annexure 3.

### **Specific share repurchase**

To facilitate the employee participation, Hulamin will contribute a projected amount of R112.8 million to the Hulamin MSOP Share Trust and the ESOP Share Trust which amount will be used for the subscription of Hulamin “B” ordinary shares.

In terms of this facilitation,

- (i) Hulamin will be the nominated income beneficiary of both the ESOP Share Trust and the MSOP Share Trust and accordingly for a period of five years from the effective date,
  - (a) the MSOP Share Trust beneficiaries will be attributed a notional funding amount equal to the dividend declared in every year. This notional funding charge will be discharged through the payment of all dividends for a five year period to the company in its capacity as a vested income beneficiary of the MSOP Share Trust. The dividends not distributed to the MSOP Share Trust beneficiaries will thus reduce the number of B ordinary shares that Hulamin will be entitled to repurchase at maturity. In accordance with the terms of the B<sub>2</sub> ordinary shares and the B<sub>3</sub> ordinary shares, the MSOP beneficiaries will receive some shares for no consideration after five years (the B<sub>3</sub> ordinary shares), while other shares will be acquired at a 20% discount to the market value on the date of allocation (the B<sub>2</sub> ordinary shares); and
  - (b) the ESOP Share Trust beneficiaries similarly will be charged a notional funding amount equal to the dividend declared in every year. This notional funding amount will be partly settled through the 50% of the dividends declared on the B<sub>1</sub> ordinary shares being paid to the Company as a vested income beneficiary of the ESOP Share Trust with the remaining 50% of the dividends being paid to the scheme beneficiaries. The dividends not distributed to the ESOP Share Trust beneficiaries will thus reduce the number of B<sub>1</sub> ordinary shares that Hulamin will be entitled to repurchase at maturity.

In accordance with the terms of the B<sub>1</sub> ordinary shares the ESOP beneficiaries have paid the 22 VWAP price at the allocation date of the shares, adjusted for the cash dividends paid to the beneficiaries over vesting period of the shares.

- (ii) Hulamin will have the right to repurchase a variable number of B ordinary shares as determined in accordance with the repurchase formulae set out in Annexure 7 on the fifth anniversary of the effective date at one cent, after which any remaining shares in the ESOP Share Trust and the MSOP Share Trust will be converted into ordinary shares ranking *pari passu* with the existing issued ordinary shares with unrestricted rights.

Prior to implementing the specific share repurchase Hulamin will provide the JSE with a working capital confirmation as required in the JSE Listings Requirements and the Hulamin board will publish an announcement on SENS containing, inter alia, details of the repurchase and a working capital statement as prescribed in section 11.27 of the JSE Listings Requirements.

The financial effects of the BEE transaction which includes the ESOP and MSOP are set out in Annexure 3.

## **Salient terms of the ESOP and MSOP**

### **Appointment of Trustees**

Each of the ESOP Share Trust and the MSOP Share Trust will have 5 trustees as follows:

- (i) Hulamin will have the right to appoint 2 trustees and to remove and replace such trustees at any time; and
- (ii) 3 trustees will be elected by the beneficiaries of each of the ESOP Share Trust and the MSOP Share Trust from amongst themselves in accordance with the provisions of the applicable Trust Deed.

### **Entitlement to rights to Hulamin ordinary shares (“the rights”)**

The board shall advise the trustees of the ESOP Share Trust and MSOP Share Trust of the identity of the beneficiaries, the number of B ordinary shares in relation to the rights to Hulamin ordinary shares to be allocated to each beneficiary and the allocation date of such allocation for each beneficiary.

The allocation of the rights to B ordinary shares shall entitle a beneficiary to, *inter alia*, the following rights relating to the Hulamin ordinary shares held by the ESOP Share Trust and the MSOP Share Trust:

- (i) the right to 50% of the dividends in respect of the rights allocated to the beneficiaries of the ESOP Share Trust;
- (ii) the right to vote for the appointment of trustees of the ESOP Share Trust and the MSOP Share Trusts as the case may be and to certain voting arrangements; and
- (iii) the right to receive the Hulamin ordinary shares when distributed in accordance with the relevant trust deed.

A portion of the MSOP and ESOP Hulamin “B” ordinary shares will not be allocated at the initial allocation but will be used for future allocations. The unallocated shares will be applied to continue to attract and retain black talent to Hulamin and will be allocated over the life of the scheme pursuant to this objective. The actual number of unallocated shares will be finalised once the 22 day VWAP of ordinary shares traded on the JSE immediately following the listing of Hulamin has been determined. Based on current assumptions and pricing parameters as at the last practicable date, the aggregate unallocated proportion of Hulamin “B” ordinary shares will be approximately 50%, which is subject to change pending final pricing.

The MSOP and ESOP beneficiaries will receive their entitlement to Hulamin ordinary shares at maturity if still employed by Hulamin. This entitlement will be a contractual right and will be governed by the provisions of the ESOP and MSOP Trust Deeds, respectively.

### **Voting rights**

- (i) The board shall make available all the information required by the beneficiaries in order to exercise their vote in respect of their rights to Hulamin ordinary shares at any general meeting of Hulamin.
- (ii) Each beneficiary shall communicate to the relevant MSOP or ESOP trustees their voting instructions prior to the general meeting of Hulamin.
- (iii) The ESOP and MSOP trustees, as applicable, shall be obliged to vote (or abstain from voting) the applicable shares that are registered in the name of the ESOP Trust and the MSOP Trust in accordance with the directions received from each beneficiary.
- (iv) If a beneficiary fails to give directions to the relevant trustees then the trustees shall not be entitled to vote that beneficiary’s B ordinary shares.
- (v) The Trustees will vote all unallocated B ordinary shares and B ordinary shares received by the Trust as a result of a transfer and cession of B ordinary shares pursuant to terminations, in the same proportions as they are directed by the Beneficiaries to vote the B ordinary shares held on behalf of the Beneficiaries.

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**DETAILS OF MAJOR SUBSIDIARIES**


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Details of the major subsidiaries of Hulamin are set out below:

<b>Name of subsidiary</b>	<b>Date and place of incorporation</b>	<b>Name prior to name change 2007</b>	<b>Authorised share capital</b>	<b>Issued share capital</b>	<b>Holding</b>	<b>Listed on the JSE</b>	<b>Date became a subsidiary</b>	<b>Main business</b>
*Hulamin Opco	15/9/1999 Pretoria South Africa	Hulett Aluminium Foil (Proprietary) Limited	100 ordinary shares of R1.00 each	100 ordinary shares of R1.00 each	100%	No	July 2000	Producers of semi-fabricated rolled and other products
Hulett-Hydro Extrusions	02/12/1996 Pretoria South Africa		100 000 ordinary shares of 1 cent each	100 000 ordinary shares of 1 cent each	70%	No	April 1997	Extruders of semi-manufactured aluminium products
**Hulamin Systems	19/05/1965 Pretoria South Africa	Aluminium City (Proprietary) Limited	300 ordinary shares of R1.00 each	300 ordinary shares of R1.00 each	100%	No	May 1986	Stockists of semi-manufactured aluminium products
**Hulamin Rolled Products	03/11/1969 Pretoria South Africa	Hulett Aluminium Rolled Products (Proprietary) Limited	4 000 ordinary shares of R1.00 each	2 ordinary shares of R1.00 each	100%	No	August 1989	Dormant

\* New name effective 6 February 2007.

\*\* New name effective 1 April 2007.

## BORROWINGS

The borrowings of Hulamin at 31 December 2006 and at the last practicable date are set out below:

### Borrowings at 31 December 2006 (no conversion or redemption rights)

Name of tender	Name of finance	Capital amount R'000	Terms and conditions of repayment	Interest rates/Coupon	Secured/ Unsecured	Details of security	Details of conversion/ Redemption rights	Debt repayable in 12 months R'000	Funding of repayments	How loan arose
Nedbank – sale and leaseback	Long-term	2 781	Annual instalments	Interest rate – 10.39%	Secured	Plant and machinery with a book value of R13 756 000 is encumbered as security	n/a	448	External borrowings and internally generated cash flow	Sale and leaseback of assets
Investec – HHE assets sale and leaseback	Long-term	556	Annual instalments	Interest rate – 16.25%	Secured	Plant and machinery with a book value of R8 541 000 is encumbered as security	n/a	62	External borrowings and internally generated cash flow	Sale and leaseback of assets
Hypo Vereinsbank – MDS loan	Long-term	154,437	Equal Bi-annual instalments	Libor + .4	Unsecured	n/a	n/a	154 437	External borrowings and internally generated cash flow	Loan raised to purchase plant and machinery
Hypo Vereinsbank – Framework	Long-term	7 612	Equal Bi-annual instalments	Libor +.4	Unsecured	n/a	n/a	7 612	External borrowings and internally generated cash flow	Loan raised to purchase plant and machinery
Standard Bank	Short-term	8, 634	No fixed terms of repayment	Interest rate – 9.50%	Unsecured	n/a	n/a	8 634	External borrowings and internally generated cash flow	Utilising overdraft facility
First National Bank	Short-term	13 333	No fixed terms of repayment	Interest rate – 9.50%	Unsecured	n/a	n/a	13 333	External borrowings and internally generated cash flow	Utilising overdraft facility
THG	Short-term	630 000	No fixed terms of repayment	Interest rate – 7.73%	Unsecured	n/a	n/a	630 000	External borrowings and internally generated cash flow	Funding of operations
Hulamin Joint Venture	Short-term	396 320	No fixed terms of repayment	Interest free	Unsecured	n/a	n/a	396 320	External borrowings and internally generated cash flow	Funding of operations

**Borrowings at last practicable date (no conversion or redemption rights)**

Name of tender	Name of finance	Capital amount R'000	Terms and conditions of repayment	Interest rates/Coupon	Secured/ Unsecured	Details of security	Details of conversion/ Redemption rights	Debt repayable in 12 months R'000	Funding of repayments	How loan arose
Nedbank Sales and Leaseback	Long term	2 333	Annual instalment	Interest rate 10.69%	Secured	Plant and machinery with a book value of R13 416 272 is encumbered as security	n/a	496	External borrowings and internally generated cash flow	Sale and leaseback of assets
Investec – HHE assets sale and leaseback	Long term	495	Annual instalment	Interest rate 16.25%	Secured	Plant and machinery with a book value of R7 707 972 is encumbered as security	n/a	72	External borrowings and internally generated cash flow	Sale and leaseback of assets
Standard Bank	Short term	37 118	No fixed terms of repayment	Interest rate 11.0%	Unsecured	n/a	n/a	37 118	External borrowings and internally generated cash flow	Utilising overdraft facility
First National Bank	Short term	37 583	No fixed terms of repayment	Interest rate 11.0%	Unsecured	n/a	n/a	37 583	External borrowings and internally generated cash flow	Utilising overdraft facility
THG	Short term	1 116 000	No fixed terms of repayment	Interest rate 9.21%	Unsecured	n/a	n/a	1 116 000	External borrowings and internally generated cash flow	Funding of operations