Audited Results
for the year ended 31 December 2011

- ▲ Rolled Products sales volume increase of 11%, to 208 000 tons
- ▲ Headline earnings up 7%, to R80 million
- ▼ Headline EPS reduced by 7% on dilution
- ▲ Strong cash inflow of R152 million
- ▲ Operating profit, before metal price lag, increased by 19%

HULAMIN

Condensed Income Statement

	Note	2011 R'000	2010 R'000
Revenue		**6 957 080**	5 808 667
Cost of sales		**(6 398 110)**	(5 260 954)
Gross profit		**558 970**	547 713
Other gains and losses	3	**33 610**	71 744
Selling and marketing expenses		**(355 282)**	(312 113)
Administrative and other expenses		**(67 353)**	(89 111)
Operating profit		**169 945**	218 233
Net finance costs		**(61 910)**	(116 923)
Share of profits of associates and joint ventures		**1 187**	2 654
Profit before tax		**109 222**	103 964
Taxation	4	**(29 546)**	(30 716)
Net profit for the year		**79 676**	73 248
Headline earnings			
Net profit for the year		**79 676**	73 248
Loss on disposal of property, plant and equipment		**2 985**	2 174
Net reversal of impairments		**(671)**	–
Tax effects of adjustments		**(1 869)**	(609)
Headline earnings attributable to shareholders		**80 121**	74 813
Earnings per share	5		
Basic (cents)		**25**	26
Diluted (cents)		**25**	26
Headline earnings per share			
Basic (cents)		**25**	27
Diluted (cents)		**25**	26
Currency conversion			
Rand/US Dollar average		**7,27**	7,32
Rand/US Dollar closing		**8,11**	6,63

Condensed Cash Flow Statement

	2011 R'000	2010 R'000
Cash flows from operating activities		
Operating profit	**169 945**	218 233
Net interest paid	**(65 933)**	(136 596)
Loss on disposal of property, plant and equipment	**2 985**	2 174
Non-cash items:		
Depreciation and amortisation	**209 698**	192 899
Other non-cash items	**178 992**	(69 502)
Income tax payment	**(19 774)**	(16 408)
Changes in working capital	**(188 839)**	(244 532)
	287 074	(53 732)
Cash flows from investing activities		
Additions to property, plant and equipment	**(134 449)**	(186 899)
Additions to intangible assets	**(17 495)**	(6 005)
Proceeds on disposal of property, plant and equipment	**–**	3 664
Decrease/(increase) in investment in joint ventures	**16 854**	(38 770)
	(135 090)	(228 010)
Cash flows from financing activities		
Borrowings repaid	**(154 227)**	(490 482)
Shares issued	**1 831**	736 275
Settlement of share options net of reversals	**(4 127)**	(4 025)
	(156 523)	241 768
Net decrease in cash and cash equivalents	**(4 539)**	(39 974)
Cash and cash equivalents at beginning of year	**24 439**	64 413
Cash and cash equivalents at end of year	**19 900**	24 439

Condensed Balance Sheet

		2011 R'000	2010 R'000
ASSETS			
Non-current assets			
Property, plant and equipment		**4 915 087**	4 989 646
Intangible assets		**47 499**	33 346
Investments in associates and joint ventures		**40 581**	51 887
Retirement benefit asset		**37 615**	73 819
Deferred tax asset		**21 225**	22 102
		5 062 007	5 170 800
Current assets			
Inventories		**1 306 702**	1 189 929
Trade and other receivables		**1 069 739**	792 357
Derivative financial assets		**60 747**	180 247
Cash and cash equivalents		**19 900**	24 439
		2 457 088	2 186 972
Total assets		**7 519 095**	7 357 772
EQUITY			
Share capital and share premium		**1 727 643**	1 728 830
BEE reserve		**174 686**	174 686
Employee share-based payment reserve		**105 750**	91 219
Hedging reserve		**8 322**	38 840
Retained earnings		**2 653 224**	2 575 959
Total equity		**4 669 625**	4 609 534
LIABILITIES			
Non-current liabilities			
Non-current borrowings		**628 284**	627 759
Deferred tax liability		**940 205**	941 260
Retirement benefit obligations		**169 740**	147 909
		1 738 229	1 716 928
Current liabilities			
Trade and other payables		**816 251**	607 917
Current borrowings		**200 325**	355 077
Derivative financial liabilities		**94 360**	66 971
Income tax liability		**305**	1 345
		1 111 241	1 031 310
Total liabilities		**2 849 470**	2 748 238
Total equity and liabilities		**7 519 095**	7 357 772
Net debt to equity	(%)	**17,3**	20,8

Condensed Statement of Comprehensive Income

	2011 R'000	2010 R'000
Net profit for the year	**79 676**	73 248
Cash flow hedges, net of tax	**(30 518)**	39 362
Total comprehensive income for the year	**49 158**	112 610

Condensed Statement of Changes in Equity

	2011 R'000	2010 R'000
Balance at beginning of year	**4 609 534**	3 744 279
Total comprehensive income for the year	**49 158**	112 610
Shares issued	**1 831**	736 275
Consolidated "A" and "B" class shares	**(3 018)**	–
Value of employee services	**17 125**	20 355
Settlement of employee share incentives	**(4 127)**	(4 025)
Tax on employee share incentives	**(878)**	40
Total equity	**4 669 625**	4 609 534

Notes

1. Basis of preparation

The audited group financial statements for the year ended 31 December 2011, from which these condensed financial statements are derived, have been prepared in accordance with International Financial Reporting Standards, under the supervision of the Chief Financial Officer, Mr C D Hughes CA(SA). These condensed financial statements have been prepared in terms of IAS 34 – Interim Financial Reporting. The accounting policies and methods of computation adopted are consistent with those used in the preparation of the previous annual financial statements. Hulamin has not adopted any new or revised accounting standards in the current year which have impacted the reported results.

	2011 R'000	2010 R'000
2. Operating segment analysis		
The group is organised into two major operating segments, namely Hulamin Rolled Products and Hulamin Extrusions.		
REVENUE		
Hulamin Rolled Products	**6 217 736**	5 191 705
Hulamin Extrusions	**739 344**	616 962
Group total	**6 957 080**	5 808 667
OPERATING PROFIT		
Hulamin Rolled Products	**161 334**	226 868
Hulamin Extrusions	**8 611**	(8 635)
Group total	**169 945**	218 233
TOTAL ASSETS		
Hulamin Rolled Products	**7 255 454**	7 069 431
Hulamin Extrusions	**263 641**	288 341
Group total	**7 519 095**	7 357 772

3. Other gains and losses

The group is exposed to fluctuations in aluminium prices, interest rates and exchange rates, and hedges these risks with derivative financial instruments. Other gains and losses reflect the fair value adjustments arising from these derivative financial instruments and non-derivative financial instruments classified as fair value through profit and loss in terms of IAS 39.

		2011 R'000	2010 R'000
4. Taxation			
The tax charge included within these condensed financial statements is:			
Normal		**18 735**	25 801
Deferred		**10 811**	4 915
		29 546	30 716
Normal rate of taxation	%	**28,0**	28,0
Adjusted for:			
Other (exempt income)/non-allowable items	%	**(0,9)**	1,5
	%	**27,1**	29,5

	Number of shares 2011	Number of shares 2010
5. Earnings per share		
The weighted average number of shares used in the calculation of basic and diluted earnings per share are as follows:		
Weighted average number of shares used for basic EPS	**316 933 746**	281 206 387
Share options	**3 679 234**	3 498 720
Weighted average number of shares used for diluted EPS	**320 612 980**	284 705 107

	2011 R'000	2010 R'000
6. Commitments and contingent liabilities		
Capital expenditure contracted for but not yet incurred	**26 116**	90 381
Operating lease commitments	**8 548**	9 392
Guarantees and contingent liabilities	**23 209**	25 962

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Commentary

Turnover in 2011 increased by 20% to R6,96 billion, due to strong performances in both Hulamin Rolled Products and Hulamin Extrusions.

Given the volatile nature of the LME aluminium price, Hulamin retained its 50% hedge of the US Dollar value of its aluminium inventory pool. This metal price lag impact of the fall of the aluminium price in the second half on the current year's income statement is a loss of R34 million on the value of Hulamin's metal inventories (2010: R46 million profit).

Operating profit before the metal price lag effect, increased by 19% to R204 million, in spite of additional liquid petroleum gas (LPG) costs of R13 million and the cost of closing the Cape Town extrusion plant of R7 million.

Operating profit after the metal price lag effect declined by 22% to R170 million.

Interest paid declined by 47% to R62 million due to lower borrowings and consequently headline earnings improved by 7% to R80 million. The Rand traded at an average of R7,27 in 2011, close to the R7,32 of 2010.

Hulamin is particularly dependant on the uninterrupted and reliable supply of LPG. The SAPREF refinery in Durban experienced several supply disruptions during the second half of 2011, resulting in five days of lost production time and the inflated cost of procuring replacement LPG supply at short notice through imports delivered intermittently.

Hulamin Rolled Products performed well despite the operational challenges, increasing sales by 11% to 208 000 tons.

Margins in US Dollar increased by 3,5%. Unit costs were maintained at similar levels to 2010 in spite of large increases in electricity prices and abnormal LPG costs.

Continuing operational performance improvements from the manufacturing excellence programme resulted in increased production volumes, record yields, streamlined logistics and improved working capital efficiency.

Hulamin Extrusions also performed well in a depressed market, increasing sales by 14%. The rightsizing of manufacturing capacity is delivering reduced operating costs and efficiencies.

Domestic demand for rolled products has remained flat, while extrusion volumes increased by 14%, the latter driven by the closure of a major competitor in November 2010.

Imports of low priced products from protected markets continue to disrupt the domestic market. It is disappointing that import duties remain at 5% on extruded products and 0% on rolled products.

Demand in international markets outside Europe was stable in 2011, though still substantially off the pre-2008 highs. Demand in Europe was relatively strong at the start of 2011 but softened continuously thereafter, as the sovereign debt crisis affected confidence throughout the Eurozone and customers consequently reduced inventories. Sales of automotive products were the most affected.

Hulamin improved sales in all its high value product markets, with can end and heat treated plate sales growing by 9% and 19% respectively during the year.

Operating cost pressure is expected to continue, most notably from rising energy prices and wage inflation, with the consequent impact on profits exacerbated by the continued relative strength of the Rand.

Hulamin continues to reduce costs and improve efficiencies through the manufacturing excellence programme started in 2009 and other performance enhancement initiatives, which delivered annualised savings of R142 million in 2011.

Rolling slab and extrusion billet supply

Hulamin produces rolling slab and extrusion billet in its own facilities in Pietermaritzburg. Additional rolling slab is bought from the Bayside smelter in Richards Bay, on supply contracts which had previously been long term, and which have, since 2009, been limited to six and twelve months. Current supply is to December 2012. Discussions to secure sustainable rolling slab supply are ongoing.

To supplement local supply and internal manufacture, Hulamin imports rolling slab and extrusion billet from sources in Australia and the Middle East.

Prospects

European markets remain weak, the US economy appears to be strengthening, while other markets appear likely to continue the improving trend experienced in 2011.

Consequently, Hulamin's order book is in good shape going into 2012, with current orders at US Dollar margins similar to or better than those in 2011.

Hulamin continues to focus on improving its operational performance through improved efficiencies, cost competitiveness and full capacity utilisation. The manufacturing excellence programme is expected to continue to deliver improved operational performance.

ME Mkwanazi
Chairman

RG Jacob
CEO

16 February 2012

Audit opinion

The auditors, PricewaterhouseCoopers Inc., have issued their opinion on the group's financial statements for the year ended 31 December 2011. The audit was conducted in accordance with International Standards on Auditing. They have issued an unmodified audit opinion. A copy of their audit report is available for inspection at the company's registered office. These condensed financial statements have been derived from the group financial statements and are consistent, in all material respects, with the group financial statements.

Corporate Information

HULAMIN LIMITED
("Hulamin" or "the group")
Registration number: 1940/013924/06
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ISIN: ZAE000096210

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Transfer secretaries
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70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107

Sponsor
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1 Merchant Place, corner Fredman Drive and Rivonia Road, Sandton, 2196
PO Box 786273, Sandton, 2146

Directorate
Non-executive directors:
ME Mkwanazi *(Chairman)*, LC Cele, VN Khumalo, TP Leeuw, JB Magwaza, NNA Matyumza, SP Ngwenya, G Pretorius (with effect from 1 August 2011), PH Staude, GHM Watson (with effect from 1 August 2011)

Executive directors:
RG Jacob *(Chief Executive Officer)*, CD Hughes, MZ Mkhize

Company Secretary
W Fitchat