HULAMIN

Think future. Think aluminium.

CONDENSED CONSOLIDATED UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE

2021

HIGHLIGHTS

Group volume up 44% at 102 ktons for H1 2021

Turnover up 50% to R5.5 billion

Free cash flow of R128 million (2020 H1: -R302 million) – resilient balance sheet

EPS: 29cps (H1 2020 – 75cps)

Richard Jacob, Hulamin's Chief Executive Officer, commented:

"The group improved profit performance and generated free cash flows despite the ongoing Covid-19 pandemic. Sales increased by 44%, although still almost 20% lower than the record levels of the second half of 2018. Both Rolled and Extruded Products continued their turnaround actions. These include improvements to capacity utilisation, cost management, tight controls over working capital and a focus on sales growth and distribution. Hulamin Rolled Products sales increased by 43% and Hulamin Extrusions sales by 58% compared to the same period in 2020. I am particularly pleased with the improvements shown by Hulamin Extrusions."

ENQUIRIES

Hulamin	033 395 6911
Richard Jacob, CEO	082 806 4068
Mark Gounder, CFO	078 803 8838
Ayanda Mngadi, Group Executive Corporate Affairs	061 284 1289

COMMENTARY

Hulamin continued to implement its turnaround actions. Improvements in capacity utilisation, tightening our cost base, increasing sales and improving manufacturing performance provided the basis for improved profitability.

The external environment, however, continues to challenge. Ongoing lockdown restrictions, the stubborn ongoing third wave of the Covid-19 pandemic and a strengthening Rand all retarded the improvement momentum. Despite these challenges Hulamin continued to increase volumes. A firming LME Aluminium price together with increases in market prices both supported the return to positive earnings.

Group sales increased by 44% to 102 000 tons (2020: 71 000 tons). Sales in Hulamin Rolled Products increased by 43% to an annualised 192 000 tons (2020: 134 000 tons). Turnover increased by 50% to R5.5 billion (2020: R3.7 billion).

The year started with the country in lockdown following the Covid-19 second wave. Hulamin also experienced a surge in employee Covid-19 cases following 32 employees testing positive and being quarantined, while many more employees were isolated having been in contact with infected people. Although operations continued, having large numbers of employees either sick or unavailable and normal management contact curtailed, significantly retarded our manufacturing continuity and momentum.

The market, currency and operational volatility experienced in H1 2020 resulted in a temporary suspension of our hedging policy for metal and currency changes to our working capital (metal price lag “MPL”). This change was implemented to mitigate balance sheet risks associated with underlying derivative positions. Without the MPL hedge in place, Hulamin was exposed to movements in both the currency and LME Aluminium price. The year started with the LME Aluminium price at $1 978 per ton, closing at $2 523 per ton on 30 June 2021. This increase drove the MPL profit of R103 million recorded for the first six months of 2021.

Demand for aluminium products remained firm in most markets, despite the broad slowdown in economic activity in both South Africa and globally. Demand for beverage can products is particularly strong in the local market. Non-packaging products demand, however, continues to be constrained due to Covid-19 related economic uncertainty. Automotive demand has improved steadily since mid-2020 although this remains tentative. Hulamin Rolled Products has started commercial supply of body panel sheets into the USA automotive market following the success of a number of technological developments. Additional research and development projects are in progress.

Hulamin Extrusions

Following the rationalisation of Extrusions into a single site in 2019, operating at close to full capacity utilisation, firm demand and operating at lower cost has enabled the business to improve performance. These factors were assisted by higher prices.

The recovery of Hulamin Extrusions has continued the momentum established in the second half of 2020, following disruptions experienced as a result of Covid-19 and related human resource constraints. The sale of the Olifantsfontein property increased H1 profits, while underlying operational performance continues to improve.

Prospects

Hulamin is located in an epicentre of the unrest that erupted in mid-July 2021. Consequently, over 4 000 tons of sales were lost. It will not be possible to catch up the majority of those sales. Later in July, the much-publicised cyber-attack on the Durban Container Port delayed the shipping of export sales in excess of 2 000 tons. Although these sales will be caught up in August, cash flows were negatively impacted.

Performance of the Hulamin businesses remains impacted by sales volumes and exchange rates. Demand is firm (we have a full order book), while the performance of manufacturing operations will likely drive sales performance in the second half. The Rand has weakened since the highs of H1 and this will support profitability. The business has recovered from recent unrest related stoppages in July. We remain sensitive to the external environment, including lockdowns, electricity outages, societal and health concerns and social upheaval.

TP Leeuw
Chairman

RG Jacob
Chief Executive Officer

Pietermaritzburg
31 August 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the six months ended 30 June 2021

	Notes	Unaudited 30 June 2021 R'000	Unaudited 30 June 2020 R'000	Audited 31 December 2020 R'000
ASSETS				
Non-current assets				
Property, plant and equipment		**882 417**	796 121	813 097
Right-of-use assets		**40 877**	12 921	44 550
Intangible assets		**35 613**	10 588	33 162
Retirement benefit asset		**50 342**	80 503	63 084
Deferred tax asset	7	**42 633**	16 180	15 449
Lease receivable	11	**–**	–	8 482
Investments accounted for using the equity method	10	**56 287**	882	58 635
Loans granted to investment accounted for using the equity method	10	**–**	22 089	–
		1 108 169	939 284	1 036 459
Current assets				
Inventories		**2 634 599**	2 317 155	2 333 828
Trade and other receivables		**981 572**	775 058	1 097 335
Derivative financial assets		**19 819**	7 509	7 708
Cash and cash equivalents		**139 941**	5 871	38 045
Lease receivable	11	**12 575**	–	4 523
Income tax asset		**1 662**	16 288	12 873
Current portion of loans granted to investment accounted for using the equity method	10	**–**	49 599	–
		3 790 168	3 171 480	3 494 312
Non-current assets classified as held for sale		**–**	14 250	14 250
Total assets		**4 898 337**	4 125 014	4 545 021
EQUITY				
Stated capital and consolidated shares		**1 817 627**	1 817 580	1 817 627
Treasury shares		**(35 863)**	(36 500)	(35 863)
BEE reserve		**26 585**	24 576	24 576
Employee share-based payment reserve		**56 847**	71 249	57 321
Hedging reserve		**13 888**	(58 698)	1 724
Retained Earnings		**596 696**	442 758	503 061
Total equity		**2 475 780**	2 260 965	2 368 446
LIABILITIES				
Non-current liabilities				
Lease liabilities		**39 709**	28 976	47 251
Deferred tax liability	7	**2 070**	–	2 070
Retirement benefit obligations		**207 609**	229 156	202 899
		249 388	258 132	252 220
Current liabilities				
Trade and other payables		**1 370 555**	970 548	1 114 788
Current borrowings		**774 583**	576 044	789 053
Lease liabilities		**20 547**	10 180	20 514
Derivative financial liabilities		**2 618**	49 145	–
Income tax liability		**4 866**	–	–
		2 173 169	1 605 917	1 924 355
Total liabilities		**2 422 557**	1 864 049	2 176 575
Total equity and liabilities		**4 898 337**	4 125 014	4 545 021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2021

	Notes	Unaudited 30 June 2021 R'000	Unaudited 30 June 2020 R'000	Audited 31 December 2020 R'000
Revenue from contracts with customers	3	**5 498 607**	3 673 509	8 548 878
Cost of goods sold		**(5 027 856)**	(3 385 972)	(7 843 237)
Cost of services provided		**(16 036)**	(9 310)	(20 730)
Gross profit		**454 715**	278 227	684 911
Selling, marketing and distribution expenses		**(316 676)**	(216 103)	(469 749)
Administrative and other expenses		**(111 754)**	(77 477)	(205 179)
Impairment of loans in joint ventures		**–**	–	(3 724)
Net reversal/(impairment) on financial assets		**4 936**	(16 401)	(5 068)
Impairment of property, plant and equipment and intangible assets	4	**–**	(8 432)	(8 432)
Gains and losses on financial instruments related to trading activities	5	**7 829**	(67 940)	(70 242)
Other gains and losses	6	**39 564**	(11 320)	4 993
Operating profit/(loss)		**78 614**	(119 446)	(72 490)
Interest income		**2 391**	7 292	9 071
Interest expense		**(26 439)**	(27 999)	(45 965)
Profit/(loss) before share of joint venture profits		**54 566**	(140 153)	(109 384)
Share of net profit/(losses) of joint ventures accounted for using the equity method	10	**2 094**	882	(1 565)
Profit/(loss) before tax		**56 660**	(139 271)	(110 949)
Taxation	7	**31 916**	(91 340)	(119 490)
Net profit/(loss) for the period attributable to equity holders of the company		**88 576**	(230 611)	(230 439)
Earnings/(loss) per share attributable to ordinary equity holders of the company	(cents)			
Basic	(cents)	**29**	(75)	(75)
Diluted*	(cents)	**29**	(75)	(75)

** Potential ordinary shares for December and June 2020 were anti-dilutive, while in June 2021 the dilutive impact was 0.1 cents per share.*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2021

	Notes	Unaudited 30 June 2021 R'000	Unaudited 30 June 2020 R'000	Audited 31 December 2020 R'000
Net profit/(loss) for the period attributable to equity holders of the company		**88 576**	(230 611)	(230 439)
Other comprehensive income for the period		**13 670**	(73 408)	19 637
Items that may be reclassified subsequently to profit or loss:		**12 164**	(71 203)	(10 781)
Cash flow hedges transferred to the statement of profit/(loss)		**(2 574)**	193 093	210 379
Cash flow hedges created/(reversed)		**19 469**	(253 857)	(213 515)
Cost of hedging		**–**	(10 439)	(11 838)
Income tax relating to these items		**(4 731)**	–	4 193
Items that will not be reclassified to profit or loss:		**1 506**	(2 205)	30 418
Remeasurements of retirement benefit obligations		**–**	–	31 399
Remeasurements of retirement benefit asset		**2 092**	(3 063)	153
Income tax relating to these items		**(586)**	858	(1 134)
Total comprehensive income/(loss) for the period attributable to equity holders of the company		**102 246**	(304 019)	(210 802)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2021

	Notes	Unaudited 30 June 2021 R'000	Unaudited 30 June 2020 R'000	Audited 31 December 2020 R'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash generated from/(used in) operations	A	**176 263**	(186 166)	(280 184)
Interest paid		**(21 991)**	(27 999)	(60 438)
Interest received		**1 647**	7 292	8 358
Income taxes refunded/(paid)		**15 866**	(15 764)	(28 231)
Net cash inflow/(outflow) from operating activities		**171 785**	(222 637)	(360 495)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property, plant and equipment		**(92 645)**	(91 787)	(131 432)
Additions to intangible assets		**(5 293)**	–	(8 848)
Proceeds on disposal of property, plant and equipment		**55 000**	–	–
Proceeds from lease receivable		**152**	–	2 950
Net (advance)/proceeds (to)/from loan granted to investment accounted for using equity method		**(1 289)**	12 685	20 496
Net cash outflow from the group as a result of loss in control of Isizinda		**–**	(7 346)	(7 346)
Net cash(outflows)/inflows from investing activities		**(44 075)**	(86 448)	(124 180)
Cash flows before financing activities ("free cash flow")		**127 710**	(309 085)	(484 675)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net proceeds from/(repayment) current borrowings		**(14 469)**	222 405	436 970
Payment of principal portion of lease liabilities		**(7 600)**	(7 338)	(11 668)
Acquisition of treasury shares		**–**	(14 500)	(13 816)
Net cash (outflow)/inflow from financing activities		**(22 069)**	200 567	411 486
Net increase/(decrease) in cash and cash equivalents		**105 641**	(108 518)	(73 189)
Cash and cash equivalents at beginning of year		**38 045**	126 207	126 207
Effects of exchange rate changes on cash and cash equivalents		**(3 745)**	(11 818)	(14 973)
Cash and cash equivalents at end of period		**139 941**	5 871	38 045

CONDENSED NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2021

	Notes	Unaudited 30 June 2021 R'000	Unaudited 30 June 2020 R'000	Audited 31 December 2020 R'000
A Cash generated from operations				
Profit/(loss) before tax		**56 660**	(139 271)	(110 949)
Net interest cost		**24 048**	20 707	36 894
Operating profit/(loss)		**80 708**	(118 564)	(74 055)
Adjusted for non–cash flow items:				
Depreciation of property, plant and equipment		**25 268**	24 088	48 392
Depreciation of right–of–use assets		**3 765**	4 187	8 691
Amortisation of intangible assets		**2 844**	1 488	7 153
Net (reversal)/impairment losses of financial assets		**(4 936)**	–	5 068
Impairment of loans to joint ventures		**–**	–	3 724
Impairment of property, plant and equipment and intangible assets		**–**	8 432	8 432
Profit on disposal of property, plant and equipment		**(39 542)**	–	–
Loss arising from loss of control in Isizinda		**–**	11 207	11 207
Gain on liquidation of pension fund		**–**	–	(16 000)
Share of net (profit)/loss losses of Joint Ventures accounted for using the equity method		**(2 094)**	(882)	1 565
Net movement in retirement benefit asset and obligations		**18 958**	16 143	41 921
Value of employee services received under share schemes		**3 076**	9 274	22 756
Foreign exchange losses on cash and cash equivalents		**3 745**	11 818	14 973
Currency exchange translation on foreign debtors and creditors		**(10 443)**	12 554	(5 482)
Gain on unrealised profit on inventory		**–**	(1 575)	–
Other non–cash items		**–**	(1 058)	(3 253)
Cash generated/(used) before working capital changes		**81 349**	(22 888)	75 092
Changes in working capital	B	**94 914**	(163 278)	(355 276)
Cash generated from/(used in) operations		**176 263**	(186 166)	(280 184)
B Changes in working capital				
Increase in inventories		**(300 770)**	(139 172)	(157 620)
Decrease/(increase) in trade and other receivables		**129 139**	21 774	(277 533)
Increase in derivatives		**7 403**	15 067	21 953
Increase/(decrease) in trade and other payables		**259 142**	(60 947)	57 924
		94 914	(163 278)	(355 276)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2021

	Stated capital and consolidated shares A R'000	Treasury shares B R'000	Hedging reserve C R'000	Employee share-based payment reserve D R'000	BEE reserve E R'000	Retained earnings F R'000	Total equity R'000
Balance at 31 December 2019 – Audited	1 817 580	(22 000)	12 505	63 305	24 576	674 342	2 570 308
Net loss for the period	–	–	–	–	–	(230 611)	(230 611)
Other comprehensive (loss)/income net of tax:							
– cash flow hedges	–	–	(71 203)	–	–	–	(71 203)
– retirement benefit assets and obligations	–	–	–	–	–	(2 205)	(2 205)
Equity settled share-based payment schemes:							–
– Value of employee services	–	–	–	9 176	–	–	9 176
– Settlement and forfeiture of employee share incentives	–	–	–	(1 232)	–	1 232	–
– Acquisition of treasury shares	–	(14 500)	–	–	–	–	(14 500)
Dividend paid	–	–	–	–	–	–	–
Balance at 30 June 2020 – Unaudited	1 817 580	(36 500)	(58 698)	71 249	24 576	442 758	2 260 965
Net loss for the period	–	–	–	–	–	172	172
Other comprehensive (loss)/income net of tax:							
– cash flow hedges	–	–	60 422	–	–	–	60 422
– retirement benefit assets and obligations	–	–	–	–	–	32 623	32 623
Equity settled share-based payment schemes:							–
– Value of employee services	–	–	–	13 580	–	–	13 580
– Settlement and forfeiture of employee share incentives	–	–	–	(27 508)	–	27 508	–
Vesting of A1 ordinary shares	47	(47)	–	–	–	–	–
Acquisition of treasury shares	–	684	–	–	–	–	684
Dividend paid	–	–	–	–	–	–	–
Balance at 31 December 2020 – Audited	1 817 627	(35 863)	1 724	57 321	24 576	503 061	2 368 446
Net profit for the period	**–**	**–**	**–**	**–**	**–**	**88 576**	**88 576**
Other comprehensive income/(loss) net of tax:							
– cash flow hedges	**–**	**–**	**12 164**	**–**	**–**	**–**	**12 164**
– retirement benefit assets and obligations	**–**	**–**	**–**	**–**	**–**	**1 506**	**1 506**
Equity settled share-based payment schemes:							
– Value of employee services	**–**	**–**	**–**	**3 079**	**2 009**	**–**	**5 088**
– Settlement and forfeiture of employee share incentives	**–**	**–**	**–**	**(3 553)**	**–**	**3 553**	**–**
Dividend paid	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Balance at 30 June 2021 – Unaudited	**1 817 627**	**(35 863)**	**13 888**	**56 847**	**26 585**	**596 696**	**2 475 780**

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 June 2021

A: Stated capital and consolidation shares

Stated capital represents the group's issued share capital held by outside shareholders. Consolidation shares represent shares held under various BEE transactions.

B: Treasury shares

Shares in the company held by wholly-owned group company are classified as treasury shares. These shares are treated as a deduction from the issued and weighted average number of shares and the cost of the shares is deducted from group equity. Dividends received on treasury shares are eliminated on consolidation. No gains and losses are recognised in the group statement of profit or loss or the statement of comprehensive income on the purchase, sale, issue or cancellation of treasury shares. During the period the group purchased Nil shares (2020: 7 638 806 shares). The total cost of Nil (2020: R14 500 000) including after-tax transaction costs was deducted from shareholder equity. The total reduction in paid-up capital was R35 863 000 (2020: R36 500 000).

C: Hedging reserve

The hedging reserve includes the cash flow hedge reserve and the costs of hedging reserve. The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges. Amounts are subsequently transferred to revenue as part of the hedging relationship or reclassified to profit or loss as appropriate. The group defers the changes in the forward element of forward contracts and the time value of option contracts in the costs of hedging reserve. These deferred costs of hedging are included in revenue when it is recognised.

D: Employee share-based payments reserve

The share-based payments reserve is used to recognise the grant date fair value of options issued to employees. On settlement the value of the reserve is transferred to retained earnings. A deferred tax asset on outstanding grants is recognised where the grants are in-the-money, with the deferred tax on the portion above the fair value of the option being recognised directly in retained earnings.

E: BEE reserve

The BEE reserve is used to recognise the grant date fair value of options issued to identified BEE participants (Strategic Partners) and Isizinda BEE participants.

F: Retained earnings

The retained earnings represent the cumulative historic profit and loss reinvested in the group. No restrictions exist on the use of the retained income.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2021

1. Basis of preparation of unaudited condensed consolidated financial statements

The unaudited condensed consolidated financial statements of the group for the six months ended 30 June 2021 have been prepared using the framework principles, the recognition and measurement principles of IFRS and contain the presentation and disclosures required by IAS 34, 'Interim Financial Reporting', the Companies Act 71 of 2008, the framework concepts and measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Limited and the Companies Act No. 71 of 2008, under the supervision of the Chief Financial Officer, Mr Mark Gounder CA(SA). The interim results at June 2021 and 2020, for which the directors take full responsibility, have not been audited. The consolidated financial statements are prepared in thousands of South African Rand (R'000) on the historical cost basis, except for the measurement of financial instruments, the valuation of share-based payments, non-current assets held for sale and retirement benefit assets and obligations.

The accounting policies adopted are consistent with those applied in the 2020 annual financial statements, except for the adoption of new and amended standards as set out below.

(a) New and revised standards and interpretations in issue and effective which are applicable to the group

New or amended standards became applicable for the current reporting period. The group did not have to change its accounting policies or make retrospective adjustments adopting these standards.

(b) New and revised standards in issue but not yet effective which are applicable to the group

The following amendments were issued but are not yet effective and have not been early adopted. These amendments are not expected to have a material impact on the group:

- Amendments to IAS 16 effective 1 Jan 2022 – Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to IAS 37 effective 1 Jan 2022 – Onerous Contracts – Cost of Fulfilling a Contract
- Amendment to IAS 1 Effective 1 Jan 2023 – Classification of Liabilities as Current or Non-Current
- Amendment to IFRS 16 effective 1 April 2021 – Covid-19-Related Rent Concessions

2. Significant changes in the current reporting period

The significant events and transactions that impacted the group results for the period are detailed in the commentary included with these condensed financial statements and include the following:

- Ongoing lockdown restrictions created operational uncertainty and together with the return of a third wave Covid-19 pandemic and a strengthening Rand all provided constraints to the improvement momentum of the Group;
- A firming LME Aluminium (through the Metal Price Lag) together with increases in market prices supported the return to positive Group earnings;
- Improved volumes in the first six months of 2021 and a full order book for the remainder of the year;
- Ongoing health and wellbeing of our employees;
- Financial market disruptions; and
- Access to funding.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

for the six months ended 30 June 2021

3. Reportable segment analysis and revenue from contracts with customers

The group's reportable segments have been determined in accordance with how the Hulamin Executive Committee, which is the group's most senior operating decision-making body, allocates resources and evaluates performance and are predominantly based on business segment hierarchy which is representative of the internal reporting used for management purposes. The group is organised into two major operating divisions, namely Hulamin Rolled Products and Hulamin Extrusions. The Hulamin Rolled Products segment, which comprises the Hulamin Rolled Products and Hulamin Containers businesses, manufactures and supplies fabricated and rolled semi-finished aluminium products as well as aluminium foil containers and related products. The Hulamin Extrusions segment manufactures and supplies extruded aluminium products. Isizinda Aluminium (Pty) Ltd ('Isizinda') sold its slab assets to Hulamin Rolled Products and as such these activities remain integrated within the Hulamin Rolled Products segment. Reportable segments are based and managed in South Africa.

All segment revenue and expenses are directly attributable to the segments. Segment assets include all operating assets used by a segment, as well as current assets. Segment liabilities include all operating liabilities. These assets and liabilities are all directly attributable to the segments. Transactions between segments are carried out at arm's-length and are eliminated on consolidation. Transactions which represent the sale of a particular segment's finished goods to another segment do not occur and as such no inter-segment revenue is earned.

Finance costs, finance income, other income, and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a group basis.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

Capital expenditure consists of additions of property, plant and equipment and intangible assets.

(a) Segmental revenue, earnings and other disclosure

	Unaudited			Unaudited		
	30 June 2021			30 June 2020		
	Hulamin Rolled Products R'000	Hulamin Extrusions R'000	Group R'000	Hulamin Rolled Products R'000	Hulamin Extrusions R'000	Group R'000
Revenue from contracts with customers:						
External	**5 126 842**	**371 765**	**5 498 607**	3 459 444	214 065	3 673 509
Timing of revenue recognition:						
– At a point in time	**5 110 808**	**371 765**	**5 482 573**	3 450 134	214 065	3 664 199
– Over time	**16 034**	**–**	**16 034**	9 310	–	9 310
Earnings						
EBITDA**	**46 274**	**64 217**	**110 491**	(57 024)	(24 227)	(81 251)
Impairment of property, plant and equipment and intangibles	**–**	**–**	**–**	–	(8 432)	(8 432)
Depreciation and amortisation	**(29 082)**	**(2 795)**	**(31 877)**	(28 236)	(1 527)	(29 763)
Operating profit/(loss)	**17 192**	**61 422**	**78 614**	(85 260)	(34 186)	(119 446)
Interest income	**2 391**	**–**	**2 391**	4 042	3 250	7 292
Interest expense	**(23 076)**	**(3 363)**	**(26 439)**	(22 524)	(5 475)	(27 999)
Profit/(loss) before share of joint venture profits	**(3 493)**	**58 059**	**54 566**	(103 742)	(36 411)	(140 153)
Share of net losses on joint ventures accounted for using the equity method	**2 094**	**–**	**2 094**	882	–	882
Profit/(loss) before tax	**(1 399)**	**58 059**	**56 660**	(102 860)	(36 411)	(139 271)
Taxation	**22 516**	**9 400**	**31 916**	(91 340)	–	(91 340)
Net profit/(loss) for the period	**21 117**	**67 459**	**88 576**	(194 200)	(36 411)	(230 611)
Reconciliation of net profit/(loss) (used in calculating earnings per share) to headline earnings/(loss)						
Net profit/(loss) for the period	**21 117**	**67 459**	**88 576**	(194 200)	(36 411)	(230 611)
(Profit)/loss on disposal of property, plant and equipment	**1 209**	**(40 750)**	**(39 541)**	–	–	–
Impairment of property, plant and equipment and intangibles	**–**	**–**	**–**	–	8 432	8 432
Loss arising from loss of control in Isizinda	**–**	**–**	**–**	11 207	–	11 207
Proportional share of profit on disposal of property, plant and equipment by joint venture	**(2 734)**	**–**	**(2 734)**	–	–	–
Tax effect	**–**	**–**	**–**	(3 138)	–	(3 138)
Headline earnings/(loss) for the period	**19 592**	**26 709**	**46 301**	(186 131)	(27 979)	(214 110)

3. Reportable segment analysis and revenue from contracts with customers continued

(a) Segmental revenue, earnings and other disclosure continued

	Audited		
	Year ended 31 December 2020		
	Hulamin Rolled Products R'000	Hulamin Extrusions R'000	Group R'000
Revenue from contracts with customers: External	8 005 726	543 152	8 548 878
Timing of revenue recognition:			
– At a point in time	7 984 996	543 152	8 528 148
– Over time	20 730	–	20 730
Earnings			
EBITDA**	(4 808)	4 986	178
Impairment of property, plant and equipment and intangibles	–	(8 432)	(8 432)
Depreciation and amortisation	(60 888)	(3 348)	(64 236)
Operating profit/(loss)	(65 696)	(6 794)	(72 490)
Interest income	9 071	–	9 071
Interest expense	(34 770)	(11 195)	(45 965)
Loss before share of joint venture profits	(91 395)	(17 989)	(109 384)
Share of net losses on joint ventures accounted for using the equity method	(1 565)	–	(1 565)
Loss before tax	(92 960)	(17 989)	(110 949)
Taxation	(119 490)	–	(119 490)
Net loss for the period	(212 450)	(17 989)	(230 439)
Reconciliation of net loss (used in calculating earnings per share) to headline loss			
Net loss for the period	(212 450)	(17 989)	(230 439)
Profit on disposal of property, plant and equipment	(13)	–	(13)
Impairment of property, plant and equipment and intangibles	–	8 432	8 432
Loss arising from loss of control in Isizinda	11 207	–	11 207
Tax effect	4	–	4
Headline loss for the period	(201 252)	(9 557)	(210 809)

	Unaudited			Unaudited		
	30 June 2021			30 June 2020		
	Hulamin Rolled Products R'000	Hulamin Extrusions R'000	Group R'000	Hulamin Rolled Products R'000	Hulamin Extrusions R'000	Group R'000
Reconciliation of headline profit/(loss) to normalised headline loss						
Headline profit/(loss) for the period	**19 592**	**26 709**	**46 301**	(186 131)	(27 979)	(214 110)
Restructuring costs	**–**	**552**	**552**	–	–	–
Metal price lag	**(102 712)**	**–**	**(102 712)**	(26 912)	–	(26 912)
Tax effect	**28 759**	**(155)**	**28 604**	7 535	–	7 535
Normalised headline loss (note 3b)	**(54 361)**	**27 106**	**(27 255)**	(205 508)	(27 979)	(233 487)
Interest expense	**23 076**	**3 363**	**26 439**	22 524	5 475	27 999
Interest income	**(2 391)**	**–**	**(2 391)**	(4 042)	(3 250)	(7 292)
Taxation	**(51 276)**	**(9 245)**	**(60 521)**	86 943	–	86 943
Normalised EBIT* (note 3b)	**(84 952)**	**21 224**	**(63 728)**	(100 083)	(25 754)	(125 837)
Depreciation and amortisation	**29 082**	**2 795**	**31 877**	28 236	1 527	29 763
Normalised EBITDA (note 3b)**	**(55 870)**	**24 019**	**(31 851)**	(71 847)	(24 227)	(96 076)
Total assets	**4 635 990**	**262 347**	**4 898 337**	3 864 189	260 824	4 125 084
Total liabilities	**2 294 335**	**128 222**	**2 422 557**	1 642 182	221 865	1 864 047
Other disclosures						
Additions to property, plant and equipment and intangible assets currency conversion	**86 429**	**11 509**	**97 938**	85 346	6 441	91 787
Rand/US Dollar average			**14.55**			16.66
Rand/US Dollar closing			**14.32**			17.30

All non-current assets of the group are in, or are attributable to, operations in South Africa.

Sales to the largest ten customers of the Hulamin Rolled Products segment accounts for 55% (2020: five largest constituted 63%) of total group revenue.

* *Earnings before interest and taxation.*
** *Earnings before interest, taxation, depreciation and amortisation and impairment of property, plant and equipment and intangible assets.*

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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for the six months ended 30 June 2021

3. Reportable segment analysis and revenue from contracts with customers continued

(a) Segmental revenue, earnings and other disclosure continued

	Audited		
	31 December 2020		
	Hulamin Rolled Products R'000	Hulamin Extrusions R'000	Group R'000
Reconciliation of headline loss to normalised headline loss			
Headline loss for the period	(201 252)	(9 557)	(210 809)
Restructuring costs	–	12 673	12 673
Metal price lag	(111 901)	–	(111 901)
Tax effect	31 332	(3 548)	27 784
Normalised headline loss (note 3b)	(281 821)	(432)	(282 253)
Interest expense	34 770	11 195	45 965
Interest income	(9 071)	–	(9 071)
Taxation	88 354	3 334	91 702
Normalised EBIT* (note 3b)	(167 768)	14 111	(153 657)
Depreciation and amortisation	60 888	3 348	64 236
Normalised EBITDA (note 3b)**	(106 880)	17 459	(89 421)
Total assets	4 344 175	200 846	4 545 021
Total liabilities	2 040 199	136 376	2 176 575
Other disclosures			
Additions to property, plant and equipment and intangible assets currency conversion	116 529	23 751	140 280
Rand/US Dollar average			16.45
Rand/US Dollar closing			14.62

* *Earnings before interest and taxation.*

** *Earnings before interest, taxation, depreciation and amortisation and impairment of property, plant and equipment and intangible assets.*

(b) Earnings per share ('EPS')

Basic EPS is calculated by dividing the profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. Potential ordinary shares shall be treated as dilutive only when their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. Potential ordinary shares shall be treated as dilutive only when their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations.

The weighted average number of shares used in the calculation of basic and diluted earnings per share, headline earnings per share and normalised loss per share is as follows:

	Number of shares 30 June 2021	Number of shares 30 June 2020	Number of shares 31 December 2020
Weighted average number of shares used for basic and diluted EPS*	**308 496 091**	305 638 647	308 496 091
Share options	**2 360 800**	–	657 581

* *The weighted average number of shares takes into account the changes in treasury shares during the period. Potential ordinary shares for December and June 2020 were anti-dilutive, while in June 2021 the dilutive impact was 0.1 cents per share. Given the negligible dilutive impact, the weighted average number of shares was not adjusted for the dilutive shares.*

Reconciliation of net profit/(loss) (used in calculating earnings/(loss) per share) for the period to headline earnings/(loss)

	30 June 2021		30 June 2020		31 December 2020	
	Gross R'000	Net R'000	Gross R'000	Net R'000	Gross R'000	Net R'000
Net profit/ (loss) for the period	**–**	**88 576**	–	(230 611)	–	(230 439)
Adjustments	**(42 275)**	**(42 275)**	19 639	16 501	19 626	19 630
– Impairment loss on property, plant and equipment and intangible assets	**–**	**–**	8 432	8 432	8 432	8 432
– Proportional share of profit on sale of property, plant and equipment by joint venture	**(2 734)**	**(2 734)**	–	–	–	–
– Loss arising from loss of control in Isizinda (note 12)	**–**	**–**	11 207	8 069	11 207	11 207
– Profit on disposal of property, plant and equipment	**(39 541)**	**(39 541)**	–	–	(13)	(9)
Headline earnings/(loss) for the period		**46 301**		(214 110)		(210 809)

	Notes	Unaudited Half-year 30 June 2021	Unaudited Half-year 30 June 2020	Audited Year ended 31 December 2020
Reconciliation of headline earnings/(loss) to normalised headline loss				
Headline earnings/(loss) for the period		**46 301**	(214 110)	(210 809)
Restructuring costs		**552**	–	12 673
Metal price lag		**(102 712)**	(26 912)	(111 901)
Tax effect		**28 604**	7 535	27 784
Normalised headline loss for the period		**(27 255)**	(233 487)	(282 253)
Headline earnings/(loss) per share				
Basic	(cents)	**15**	(70)	(68)
Diluted**	(cents)	**15**	(70)	(68)
Normalised headline loss per share				
Basic	(cents)	**(9)**	(76)	(91)
Diluted**	(cents)	**(9)**	(76)	(91)

** *Potential ordinary shares for December and June 2020 were anti-dilutive, while in June 2021 the dilutive impact was 0.1 cents per share.*

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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for the six months ended 30 June 2021

3. Reportable segment analysis and revenue from contracts with customers continued

(b) Earnings per share ('EPS') continued

(i) Headline earnings per share, normalised EBIT, normalised EBITDA and normalised headline loss per share

Headline earnings per share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the earnings attributable to ordinary shareholders, after excluding those items as required by Circular 1/2019 issued by the South African Institute of Chartered Accountants ('SAICA').

Normalised EBIT, EBITDA, normalised EBITDA and normalised headline loss per share are measures which Hulamin uses in assessing financial performance. These are calculated in a consistent manner as per the 2020 annual financial statements. Normalised headline loss per share is calculated by dividing normalised headline earnings by the weighted average number of ordinary shares in issue during the period. Normalised headline loss is defined as headline earnings excluding (i) metal price lag and (ii) material non-trading expense or income items which, due to their irregular occurrence, are removed in order to more closely present earnings attributable to the ongoing activities of the group. Normalised EBIT and EBITDA are similarly derived. The presentation of normalised EBIT, EBITDA, normalised EBITDA, headline earnings per share and normalised headline loss per share is not an IFRS requirement and these may not be directly comparable with the same or similar measures disclosed by other companies.

(c) Disaggregation of revenue from contracts with customers

Revenue has been disaggregated into categories that depict how the nature, timing and uncertainty of revenue and cash flows are affected by economic factors. The group presented disaggregated revenue based on the type of goods or services provided to customers and the geographical region.

	Unaudited 30 June 2021 R'000	Unaudited 30 June 2020 R'000	Audited 31 December 2020 R'000
Analysis of revenue by product market:			
Automotive and transport	**678 259**	537 339	1 542 497
Building and construction	**47 543**	66 472	150 267
General engineering	**1 916 102**	964 463	2 254 509
Packaging	**2 856 703**	2 105 235	4 587 401
Other	**–**	–	14 204
	5 498 607	3 673 509	8 548 878
Geographical analysis of revenue:			
South Africa	**2 655 729**	1 295 783	2 950 413
North America	**1 008 146**	511 506	1 258 694
Europe	**1 392 780**	1 238 731	2 894 756
Asia	**94 961**	195 618	421 198
Middle East	**44 148**	129 440	222 358
Australasia	**156 728**	41 939	99 256
South America	**25 657**	47 029	80 700
Rest of Africa	**120 458**	213 463	621 503
	5 498 607	3 673 509	8 548 878

4. Impairment of property, plant and equipment and intangible assets

	Unaudited 30 June 2021 R'000	Unaudited 30 June 2020 R'000	Audited 31 December 2020 R'000
Extrusions Olifantsfontein property, plant and equipment – note (a)	**–**	8 432	8 432
Rolled Products cash generating unit – note (b)(i)	**–**	–	–
Extrusions cash-generating unit – note (b)(ii)	**–**	–	–
Total impairment charge	**–**	8 432	8 432
Taxation	**–**	–	–
Net impairment charge	**–**	8 432	8 432

(a) Impairment assessment – Individual assets

No impairment charge was recognised during the first half of 2021. The prior year impairment relates to impairment of the Extrusions Oliefantsfontien property, plant and equipment.

(b) Cash-generating unit impairment assessment

The group's shares continued to trade on the Johannesburg Stock Exchange at a discount to underlying net asset value during the period under review. In the circumstances, and as required by IAS 36, management have assessed the recoverable amounts of the assets (or cash-generating units to which they belong) net of liabilities at the period end. The recoverable amount was determined to be value-in-use. The assessment compared the estimated value-in-use based on forecast future cash flows to the carrying amount.

(i) Rolled Products cash-generating unit

The key economic and business assumptions used in the value-in-use calculation are consistent with those used in the budget and the five-year business plan approved by the board of directors. Adjustments were made to the business plan forecasts to ensure compliance with the value-in-use methodology required by IAS 36. The group forecasts that free cash flows will improve in future periods. Key assumptions include:

		Unaudited 30 June 2021 R'000	Unaudited 30 June 2020 R'000	Audited 31 December 2020 R'000
Comparison of key assumptions				
Weighted average cost of capital – before tax		**16.77%**	21.0%	21.5%
Weighted average cost of capital – after tax		**16.09%**	16.9%	16.1%
Key assumptions – in year five				
Annual average	(ZAR/USD)	**16.64**	16.97	16.94
Sales volume	(tons)	**234 000**	230 000	235 000
Rolling margins	(USD/ton)	**1 280**	1 172	1 232
Total manufacturing costs	(USD)	**3 605**	3 348	3 559
Working capital investment	(USD)	**54**	51	143
Compound Annual Growth Rate				
Sales volume	%	**2.7**	2.4	8.7
Total manufacturing costs	%	**3.3**	3.4	6.2

A pre-tax discount rate of 16.77% (post-tax 16.09%) was used in the calculation and this rate has decreased from the pre-tax 21% (post-tax 16.9%) used in 2020.

Currency exchange rates are based on the median of forecasts by major financial and other institutions to 2022 and with reference to inflation differentials thereafter, with the ZAR: USD rate rising from an annual average of R15.50 in 2021 to R16.64 in 2025.

Although sales volumes are forecast to peak at levels similar to what was forecast in December 2020, the recovery from the lower Covid-19 2020 volumes will reduce cash flows in the next five years.

Rolling margin forecasts include anticipated changes in both market conditions and the product mix. The improved sales volume is a result of selling prices and the sales mix. Selling prices will be maintained in the next few years while sales volume begun recovering in a post-Covid-19 world economy amidst the finalising of anti-dumping duties levied on rolled aluminium into the USA.

Partially offsetting the lower volumes experienced in the period of recovery from Covid-19 is the effect of import duty on aluminium imports into RSA that is effective from 2021. This duty is expected to improve domestic sales volume for much of the next five years.

The assessment performed did not highlight any impairment for the Rolled products CGU.

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for the six months ended 30 June 2021

3. Impairment of property, plant and equipment and intangible assets continued

(b) Cash-generating unit impairment assessment continued

(i) Rolled Products cash-generating unit continued

Sensitivity analysis

The determination of the value-in-use for Hulamin Rolled Products, and any resulting impairment, is particularly sensitive to:

Discount rate: A 1% increase in the post-tax discount rate may result in an impairment charge, before tax, of up to R308 million*.

Rolling margins: A reduction in average rolling margins of 5,0% for each year in the forecast period may result in an impairment charge, before tax, of up to R1 144 million*.

Rate of exchange: A R1,00 strengthening in the ZAR/USD rate for each year in the forecast period may result in an impairment charge, before tax, of up to R1 218 million.

* *The recognition of impairment charges is subject to the limitation that individual assets in the CGU cannot be reduced to below each asset's recoverable amount. The cumulative recoverable amount limit is R718 million.*

(ii) Extrusions cash-generating unit

Extrusions cash-generating unit experienced improved trading conditions in the first half of 2021 as the country went into lockdown to curb the infection rate of Covid-19. Improved margins, reduced costs, improved productivity and capacity utilisation impacted positively in the first half of 2020 and are expected to continue.

The recoverable amount is the higher of value-in-use and fair value less costs of disposal. Value-in-use was estimated using a pre-tax discount rate of 16.77% (2020: 23.6%), post tax 16.09% (2020: 17.19%). Additional assumptions used in the assessment were sales volumes (R'000 tons) of 13 319 (2020: 12 920, sales volume growth rate of 2% (2020: 2%) and manufacturing cost growth rate of 4% (2020: 5%).

The assessment did not highlight any impairment for the Extrusions CGU.

Sensitivity analysis

The determination of the value-in-use for Hulamin Extrusions, and any resulting impairment, is particularly sensitive to:

Discount rate: A 1% increase in the pre-tax discount rate may result in an additional impairment charge, before tax, of up to R16 million*.

Earnings before tax: A 5% decrease in earnings before tax may result in an additional impairment charge, before tax, of up to R107 million*.

* *The recognition of additional impairment charges is subject to the limitation that individual assets in the CGU cannot be reduced to below each asset's recoverable amount. The cumulative recoverable amount limit is R22.2 million.*

5. Gains and losses on financial instruments related to trading activities

The group is exposed to fluctuations in aluminium prices and exchange rates and hedges these risks with derivative financial instruments. The group applies hedge accounting to gains and losses arising from changes in fair value of certain derivative financial instruments.

Hedges of forecast sales transactions, where effective, are accounted for as cash flow hedges.

The effective portion of cash flow hedge gains and losses are recorded in revenue from contracts with customers when the sale occurs.

Other gains and losses include, *inter alia,* the fair value adjustments arising from fair value hedges, non-hedge accounted derivative financial instruments (including the ineffective portion of cash flow hedge gains and losses), non-derivative financial instruments and forward point gains.

	Unaudited 30 June 2021 R'000	Unaudited 30 June 2020 R'000	Audited 31 December 2020 R'000
Foreign exchange gains on debtors and creditors balances	**(13 604)**	64 364	24 526
Foreign currency denominated cash balances	**(3 745)**	11 818	(14 973)
Valuation adjustments on non-derivative items	**(17 349)**	76 182	9 553
Foreign exchange contracts: firm commitments, debtors and creditors balances	**25 178**	(143 066)	(124 179)
Commodity futures	**–**	(1 056)	44 384
Valuation adjustments on derivative items	**25 178**	(144 122)	(79 795)
Gains and losses on financial instruments related to trading activities	**7 829**	(67 940)	(70 242)

6. Other gains and losses

	Unaudited 30 June 2021 R'000	Unaudited 30 June 2020 R'000	Audited 31 December 2020 R'000
Profit on disposal of property, plant and equipment*	**39 541**	–	13
Loss arising from loss of control in Isizinda	**–**	(11 207)	(11 207)
Gain on liquidation of pension fund	**–**	–	16 000
Other	**23**	(113)	187
	39 564	(11 320)	4 993

* *The profit on disposal of property, plant and equipment arose from the sale of the Olifantsfontein plant which was held for sale at the 31 December 2020.*

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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for the six months ended 30 June 2021

7. Taxation

The group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed consolidated statement of profit or loss are:

		Unaudited Half-year 30 June 2021 R'000	Unaudited Half-year 30 June 2020 R'000	Audited Year ended 31 December 2020 R'000
Current income tax expense		–	14 390	30 157
Deferred income tax expense		**(31 916)**	76 950	89 333
Foreign capital gains tax		–	–	–
		(31 916)	91 340	119 490
Effective tax rate	(%)	**58.5**	(65.6)	(107.7)

A deferred tax asset is recognised for all deductible temporary difference to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Similarly, a deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

For the six months ended 30 June 2021, the group had both assessed losses and deductible temporary differences for which a only a portion of the deferred tax asset was recognised as there is uncertainty on the sufficiency of taxable temporary differences and sufficient taxable profits in future to absorb the entire tax asset. As a result, the group has only recognised R42.6 million deferred tax assets at the end of June 2021.

The group's unrecognised deferred tax asset as at 30 June 2021 is R225 million (2020: R311 million).

8. Related party transactions

Balances and transactions between the company and its subsidiaries, which are related parties of the company, have been eliminated on consolidation and are not disclosed in this note.

	Unaudited 30 June 2021 R'000	Unaudited 30 June 2020 R'000	Audited 31 December 2020 R'000
Lease rental income received from joint venture	**1 716**	–	1 201
Utilities and services charge received from joint venture	**5 703**	–	11 769
Loan to joint venture	**70 688**	71 688	75 103
Sundry receivables from joint venture	**5 703**	–	–
Impairment of loan to joint venture	**–**	–	3 724
Interest income from joint venture	**1 347**	4 120	5 791

9. Commitments and contingent liabilities

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	Unaudited 30 June 2021 R'000	Unaudited 30 June 2020 R'000	Audited 31 December 2020 R'000
Property, plant and equipment	**35 772**	59 367	52 681

Capital expenditure will be funded by a combination of external borrowings and cash flows from operations.

The group has no contingent liabilities as at 30 June 2021 (2020: Rnil).

10. Interests in joint ventures

The group has a 38.7% investment in joint venture, Isizinda Aluminium Proprietary Limited "Isizinda", a separate structured vehicle incorporated and operating in South Africa. The primary activity of Isizinda is the management of properties, including the maintenance thereof, disposal of properties and other assets, sourcing, vetting and ongoing maintenance of tenants, and determining the terms for lease agreements. Isizinda is jointly controlled by Hulamin Operations and Bingelela and this joint arrangement is classified as a joint venture and has been included in the consolidated financial statements using the equity method.

The summarised information of Hulamin's interest in the joint venture is detailed in the table below:

Summarised financial information in relation to the groups share of the joint venture is presented below:

	Unaudited		Unaudited		Audited	
	30 June 2021		30 June 2020		31 December 2020	
	Prop share – 38.7% R'000	Balance – 100% R'000	Prop share – 38.7% R'000	Balance – 100% R'000	Prop share – 38.7% R'000	Balance – 100% R'000
Summarised statement of financial position	–	–	–	–	–	–
Current	–	–	–	–	–	–
Cash and cash equivalents	**147**	**380**	333	860	64	165
Other current assets	**7 041**	**18 195**	2 047	5 289	2 532	6 543
Total current asset	**7 188**	**18 575**	**2 380**	**6 149**	**2 596**	**6 708**
Financial liabilities (excluding trade payables)	**35 368**	**91 391**	31 468	81 310	29 065	75 102
Total current liabilities	**36 563**	**94 477**	**31 739**	**82 014**	**35 828**	**92 580**
Non-current	–	–	–	–	–	–
Property, plant and equipment	**32 136**	**83 040**	34 104	88 125	33 529	86 638
Total non-current asset	**32 136**	**83 040**	**34 104**	**88 125**	**33 529**	**86 638**
Net assets	**2 761**	**7 138**	**4 745**	**12 260**	**297**	**766**
Summarised statement of comprehensive income	–	–	–	–	–	–
Revenue from contracts with customers	**997**	**2 575**	3 254	8 408	561	1 450
Profit on sale of property, plant and equipment	**2 734**	**7 065**	–	–	–	–
Finance costs	**(520)**	**(1 347)**	(1 594)	(4 120)	(2 242)	(5 793)
Finance income	–	**1**	96	248	96	248
Profit/loss) before tax	**2 095**	**5 413**	**882**	**2 279**	**(3 562)**	**(9 205)**
Income tax expense	–	–	–	–	1 997	5 160
Profit/(loss) after tax	**2 095**	**5 413**	**882**	**2 279**	**(1 565)**	**(4 045)**
Total comprehensive income/(loss)	**2 095**	**5 413**	**882**	**2 279**	**(1 565)**	**(4 045)**
Breakdown of the summarised financial information presented for the joint venture						
Adjusted total comprehensive income/(loss) for the period	**2 095**		882		(1 565)	
Loan balance attributable to joint ventures	**54 192**		71 688		63 924	
Impairment on loans to joint ventures	–		–		(3 724)	
Carrying value at the end of the period	**56 287**		**72 570**		**58 635**	
Interest in joint venture %	**38.7**		38.7		38.7	

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11. Lease receivable

The group entered a lease arrangement as a lessor which is considered a finance lease. The group leases property, plant and machinery and as substantially all the risks and rewards of ownership have transferred, they are classified as finance leases.

The lease receivable arose due to a leasing agreement entered with Bingelela and for an initial period of five years. The full value of R12 575 000 has been disclosed as current as the settlement thereof was renegotiated and paid in full in July 2021.

12. Financial assets and liabilities

The classification of financial instruments has not changed since the last reporting date.

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

Financial liabilities (excluding liabilities designated in a hedging relationship) that are not designated on initial recognition as financial liabilities at fair value through profit or loss are measured at amortised cost. These consist of trade and other payables, interest-bearing borrowings and lease liabilities.

The fair values of derivative assets and liabilities are calculated as the difference between the contracted value and the value to maturity at the statement of financial position date. The value to maturity of forward foreign exchange contracts is determined using quoted forward exchange rates at the statement of financial position date. The value to maturity of commodity futures is determined by reference to quoted prices at the statement of financial position date.

IFRS 13 requires disclosure of fair value measurements by level using the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability;
- Either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

All fair values disclosed in these financial statements, excluding non-current assets held for sale, are recurring in nature and all derivative financial assets and liabilities are level 2 in the valuation hierarchy (consistent with June 2020). For assets and liabilities that are recognised at fair value on a recurring basis, the group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. Key inputs used in the determination of the fair value relate to London Metal Exchange aluminium prices and currency exchange rates (consistent with June 2020).

There were no transfers between Level 1 and Level 2 fair value measurements during the six months, and no transfers into or out of Level 3 fair value measurements during the six months.

The carrying amount of each financial asset and liability approximates its fair value.

13. Going concern assessment

The group results have been prepared using appropriate accounting policies, supported by reasonable judgements and estimates. The Group has managed working capital and generated increased free cash flows in comparison to the prior period and the directors believe that cash generated by the groups' operations, continued cash preservation activities and the committed unutilised debt facilities as well as additional funding opportunities will enable the group to continue meeting its obligations as they fall due.

A number of uncertainties prevail as a result of the continued impact of Covid-19 on local and international economies. These uncertainties include:

- Turmoil in the world economy and the possible adverse impact over the short- to medium-term on the demand for Hulamin's products, particularly alcoholic beverage packaging and automotive heat exchange products;
- Possible further extensions of the lockdown periods and/or a delay in ramping up South African operations with an impact on local market demand;
- Extended lockdown and delayed return to normal capacity by our key international customers and the economies in which they operate;
- Ongoing health and wellbeing of our employees;
- Financial market disruptions; and
- Access to funding.

These uncertainties have been included in management's scenarios and forecasts in assessing going concern.

The directors believe that the group has adequate resources to continue as a going concern for the foreseeable future.

14. Events after the reporting period

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue.

The civil unrest that occurred in July 2021 resulted in Hulamin suspending production for a few days due to safety concerns for employees. Production was resumed four days later. Other than a loss of production of approximately 4 000 tons no other losses were incurred by Hulamin because of the civil unrest.

Management has considered the events during this period and concluded that they have not identified any material events that have occurred subsequent to the end of the reporting period to the date of production approval of results which may have an impact on the group's reported financial position at the reporting date.

15. Dividends paid

Nil (2020: Nil) dividends were declared for the period ended 30 June 2021.

CORPORATE INFORMATION

HULAMIN LIMITED

(Incorporated in the Republic of South Africa)
Registration number: 1940/013924/06
Share code: HLM ISIN: ZAE000096210
("Hulamin" or "the Company")

Business and postal address:

Moses Mabhida Road
Pietermaritzburg
3201
PO Box 74
Pietermaritzburg
3200

Contact details:

Telephone: +27 33 395 6911
Facsimile: +27 33 394 6335
Website: www.hulamin.co.za
Email: hulamin@hulamin.co.za

Securities exchange listing:

South Africa (Primary) JSE Limited

Transfer Secretaries:

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
2196

Private Bag X9000
Saxonwold
2132

Sponsor:

Questco Corporate Advisory Proprietary Limited
Ground Floor, Block C
Investment Plaza
10th Road
Hyde Park
2196

Directorate:

Non-executive directors:

CA Boles*
VN Khumalo
RL Larson*
TP Leeuw, Chairman*
N Maharajh*
NNA Matyumza*
Dr. B Mehlomakulu*
SP Ngwenya
GHM Watson*
GC Zondi (Alternate)

Executive directors:

RG Jacob, Chief Executive Officer
M Gounder, Chief Financial Officer
* Independent non-executive directors

Company Secretary:

S Ramoetlo

Date of SENS release

31 August 2021

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